

LFC Requestor: GRAY, Brendon

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate
Number: 431

Category: Bill
Type: Introduced

Date (of THIS analysis): 02/18/2025

Sponsor(s): Micaela Lara Cadena, Cristina Parajon, Shannon D. Pinto, Antoinette Sedillo Lopez

Short Title: LIQUOR TAX CHANGES & PROGRAMS

Reviewing Agency: Agency 665 – Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

| Appropriation Contained | | Recurring or Nonrecurring | Fund Affected |
|-------------------------|---------|---------------------------|---------------------------------------|
| FY 25 | FY 26 | | |
| 0.0 | 4,300.0 | Recurring | Local Alcohol Harms Alleviation Fund |
| 0.0 | 5,000.0 | Recurring | Tribal Alcohol Harms Alleviation Fund |

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-------|-------|---------------------------|---------------|
| FY 25 | FY 26 | FY 27 | | |
| \$0 | \$0 | \$0 | N/A | N/A |
| | | | | |

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY 25 | FY 26 | FY 27 | 3 Year Total Cost | Recurring or Non-recurring | Fund Affected |
|-------|-------|-------|-------|-------------------|----------------------------|---------------|
| Total | \$0 | \$0 | \$0 | \$0 | N/A | N/A |
| | | | | | | |

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: HB 460

Companion to: HB 417

Relates to: SB378

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

Synopsis

Senate Bill 431 (SB431), relating to taxation, proposes to:

- 1) Amend distributions of the Liquor Excise Tax from the local DWI Grant Fund to the local Alcohol Harms Alleviation Fund
- 2) Amend definitions in the Liquor Excise Tax Act
- 3) Impose a liquor excise surtax on retailers
- 4) Distribute the surtax revenue to a new Tribal Alcohol Harms Alleviation Fund
- 5) Create the Tribal Alcohol Harms Alleviation Program Act
- 6) Exclude taxes imposed by the Liquor Excise Tax from the definition of “gross receipts” in the Gross Receipts and Compensating Tax Act
- 7) Require legislative committees to review liquor excise tax rates and liquor excise surtax and associated distributions
- 8) Make appropriations.

HB431 seeks to increase the amount of funding available for the prevention of alcohol-related harms, focusing funding available to counties on reducing alcohol-related harms as opposed to DWIs, and creating a dedicated fund for alleviating alcohol-related harms in Tribal communities.

Specific provisions include:

Section 1: Deletes present distributions of liquor excise tax to the local DWI Grant Fund, municipalities, and drug courts and instead distributes 94% of liquor excise tax to a new Local Alcohol Harms Alleviation Fund and 6% to drug courts. In addition, it provides for the distribution of the net receipts of the liquor excise surtax to the Tribal Alcohol Harms Alleviation Fund (created in Section 4).

Section 2: Amends section “7-9-3.5. Definition – Gross Receipts.-- as used in the Gross Receipts and Compensating Tax Act: to include the following language under the list of items that “gross receipts” excludes: “...New Mexico gross receipts tax, governmental gross receipts tax, leased

vehicle gross receipts tax, cannabis excise tax **and taxes imposed pursuant to the Liquor Excise Tax Act** payable on transactions for the reporting period;...”

Section 3: Amends definitions in the Liquor Excise Tax Act to add definition “B” which reads: “‘barrel’ means the equivalent of thirty-one gallons.” Definition B is to be added after Definition A for “alcoholic beverages.” Subsequent definitions are reordered so that the previous Definition “B” becomes Definition “C” and so on, through Definition “H.” The amendment also adds Definition “I” which reads: “‘retailer’ means a person having a place of business in New Mexico who sells, offers for sale or possesses for the purpose of selling alcohol beverages in New Mexico.” Definition I is added after Definition H. Subsequent definitions are reordered so that the previous Definition “H” becomes Definition “J” and so on, through Definition “N.”

Section 4: A new section of the Liquor Excise Tax Act, “imposition and rate of Liquor Excise Surtax” is added. This addition imposes a 6% alcohol sales surtax on retailers who sell alcoholic beverages to begin on July 1, 2026.

Sections 5-9: Amends sections of NMSA 1978 to replace the word “tax” with the word “taxes” where applicable.

Sections 10-11: Amends sections of NMSA 1978 to replace “Local DWI Grant” with “Alcohol Harms Alleviation Act” where applicable.

Section 12: Amends Section 11-6A-3 NMSA 1978 to replace “Local DWI Grant” with “Alcohol Harms Alleviation Act” where applicable. The Section is also amended to state the goals of the Alcohol Harms Alleviation Act which include providing grants to counties to implement programs for awareness of substance use recovery, substance use prevention, and other interventions all of which may reduce the incidence of impaired driving and other substance use related harms. The Section is also amended to define eligibility of grant awards and application process.

Section 13: Amends Section 11-6A-4 NMSA 1978 to replace “Local DWI Grant” with “Alcohol Harms Alleviation Act” where applicable. The Section is also amended to define the members and duties of the Local Alcohol Harms Alleviation Program Council. In addition to the current members of the DWI Grant Council, the secretaries of public education and Indian affairs or their designees will serve on the Local Alcohol Harms Alleviation Program Council.

Section 14: Amends Section 11-6A-5 NMSA 1978 to include a promulgation of rules for the program and assigns the responsibility of promulgation of rules to the local government division for administration of the local alcohol harms alleviation program and grant distribution from the local alcohol harms alleviation fund. The section also requires the local government division to provide rules for the evaluation of county programs.

Section 15: Amends Section 11-6A-6 NMSA 1978 to create the Local Alcohol Harms Alleviation Fund and remove prior language related to local DWI grant fund expenditures. The “Local Alcohol Harms Alleviation fund” is defined as a non-reverting fund in the state treasury consisting of distributions, appropriations, and other income from investment of the fund. Money from the fund is appropriated for grant distributions to approved counties. The section contains a formula to determine the grant each county is eligible for based on relative population and alcohol-related deaths.

The Section includes a provision that \$300,000 will be transferred from the local alcohol harms alleviation fund to the interlock device fund annually on July 1. Up to one million dollars (\$1,000,000) may be expended each year for reasonable costs associated with administration of the local alcohol harms program and for grant awards to counties.

Section 16: States that Sections 16-19 of this act may be cited as the “Tribal Alcohol Harms Alleviation Program Act.”

Section 17: Provides new material including definitions used in the Tribal Alcohol Harms Alleviation Program Act for: A) “council,” meaning the Tribal Alcohol Harms Alleviation Council and B) “department” meaning the Indian Affairs Department.

Section 18: Provides new material relating to the Tribal Alcohol Harms Alleviation Program Fund. The Section states that the Department shall establish the “Tribal Alcohol Harms Alleviation Program” to distribute grants to New Mexico Tribes, Pueblos and Nations, and to entities serving Tribal Nations, communities, and Indigenous people in New Mexico. The fund is created as non-reverting fund in the state treasury and consists of distributions, appropriations, and other income from investment of the fund and shall be administered by the Department.

The Department may expend up to two million dollars (\$2,000,000) for costs associated with the administration of the fund and for grant distribution and up to three million dollars (\$3,000,000) to conduct culturally appropriate research and evaluation on the harms and risk of alcohol and substance misuse.

The Section states that On July 1, 2027 – July 1, 2036, three million dollars (\$3,000,000) shall be appropriated from the fund to the University of New Mexico for the University’s Center on Alcohol, and Substance Abuse, and the Addictions Division of the Community Behavioral Health program within the Department of Psychiatry and Behavioral Sciences. This money will be used to perform interdisciplinary research on alcohol policy and prevention efforts and public health and economic impacts of the liquor excise tax and surtax. Research and evaluation findings shall be reported on or before December 1 of each year.

Section 19: Provides new material related to the duties of the Tribal Alcohol Harms Alleviation Council. The Council will include representatives from New Mexico Tribes, Pueblos, and Nations, urban American Indian populations, and Tribal Behavioral Health regions. The Council will meet to receive applications, consider funding requests and approve grants. Upon grant approval, the Council shall notify the Department which will distribute the funding from the fund.

Section 20: Amends Section 60-6A-11.1 NMSA 1978 adds language related to payment of the liquor excise surtax.

Section 21: Creates temporary provision that references the Local DWI Grant Fund, which shall be deemed as references to the Local Alcohol Harms Alleviation Fund.

Section 22: Creates a temporary provision stating that the legislative finance committee and revenue stabilization and tax policy committee shall review the rates of the liquor excise tax and surtax and associated distributions to assess the necessity of revisions no later than by December 1, 2032.

Section 23: Defines appropriations of the following:

A) two million dollars (\$2,000,000) from the Local Alcohol Harms Alleviation Fund to the Indian Affairs Department for expenditure in FY 2026 and subsequent fiscal years in preparation of the administration of the Tribal Alcohol Harms Alleviation Program Act and to initiate required research and evaluation.

B) one million dollars (\$1,000,000) from the Local Alcohol Harms Alleviation Fund to the University of New Mexico to be divided between university programs related to substance misuse and behavioral health in FY 2026 and subsequent fiscal years to initiate research studies and evaluation required by the Tribal Alcohol Harms Alleviation Program Act.

Section 24: States that the effective date of the provisions of the Act is July 1, 2025.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

Excessive Alcohol Misuse Impacts in New Mexico

Since 1997, New Mexico has had the highest rate of alcohol-related deaths in the United States (<https://www.nmhealth.org/data/view/substance/2682/>). In 2023, the age-adjusted rate of alcohol-related death in NM was 84.5 deaths per 100,000 population. Twice as many New Mexicans died from alcohol in 2023 than from drug overdose involving any substance.

American Indians/Alaska Natives (AIAN) have a disproportionately high rate of alcohol-related death compared to the state overall, and other race/ethnicity groups in the state. In 2022, the rate of alcohol-related death for AIAN was 3.9 times higher than the state rate overall, despite making up only 11% of the overall state population.

Excessive alcohol use has a high societal cost. A 2010 CDC analysis calculated that excessive drinking cost NM over \$2 billion (\$3 billion in 2023 dollars), and NM had the highest societal cost per drink in the nation, at \$2.77 per drink (\$3.92 per drink after adjusting for inflation) (<https://www.cdc.gov/alcohol/features/excessive-drinking.html>). Societal cost is calculated based on estimated losses in workplace productivity, alcohol-related healthcare expenses, criminal justice/law enforcement costs, and alcohol-related motor vehicle crashes. The majority of costs associated with excessive alcohol consumption are borne by those who do not drink alcohol.

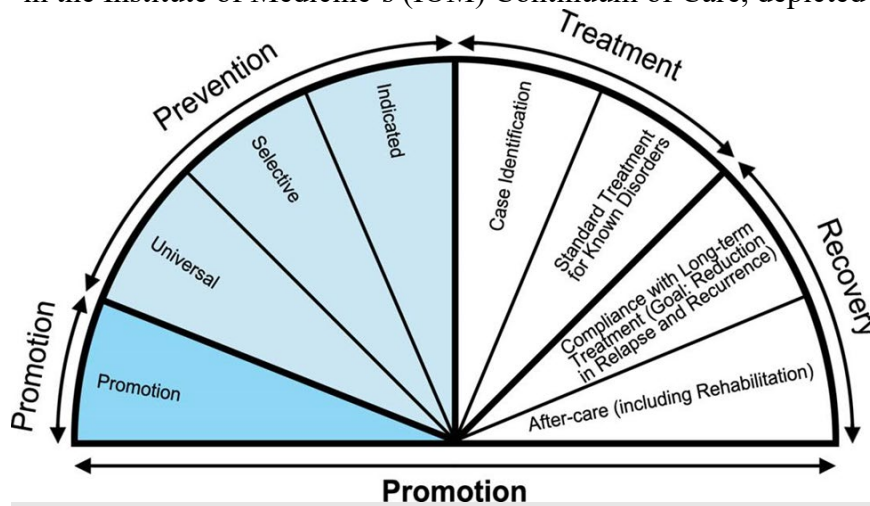
While alcohol-related death is often associated with alcohol-impaired driving, the alcohol-related death rate in NM is largely driven by chronic diseases. In 2023, more than half of the deaths from alcohol-related causes were due to chronic diseases.

In 2022, 16.7% of New Mexicans drank excessively. This is defined as binge drinking (4 or more drinks on an occasion for women, or 5 or more drinks on an occasion for men) or heavy drinking (eight or more drinks in a week for women or 15 or more drinks in a week for men.) (Behavioral Risk Factor Surveillance System, 2022). While New Mexico does not have the highest rate of excessive alcohol consumption in the US, a significant portion of the drinking population is doing so above the stated definitions of binge and heavy drinking.

In 2022, 15.3% of New Mexicans reported binge drinking in the last 30 days. Among the 48.4% of New Mexicans who had consumed alcohol in the past month, 9.3% drank more than eight standard drinks on one occasion.

Alleviating Alcohol-Related Harms

Alleviating alcohol-related harms requires a comprehensive infrastructure with capacity for providing general health promotion, prevention, treatment, and recovery services, as described in the Institute of Medicine's (IOM) Continuum of Care, depicted below.



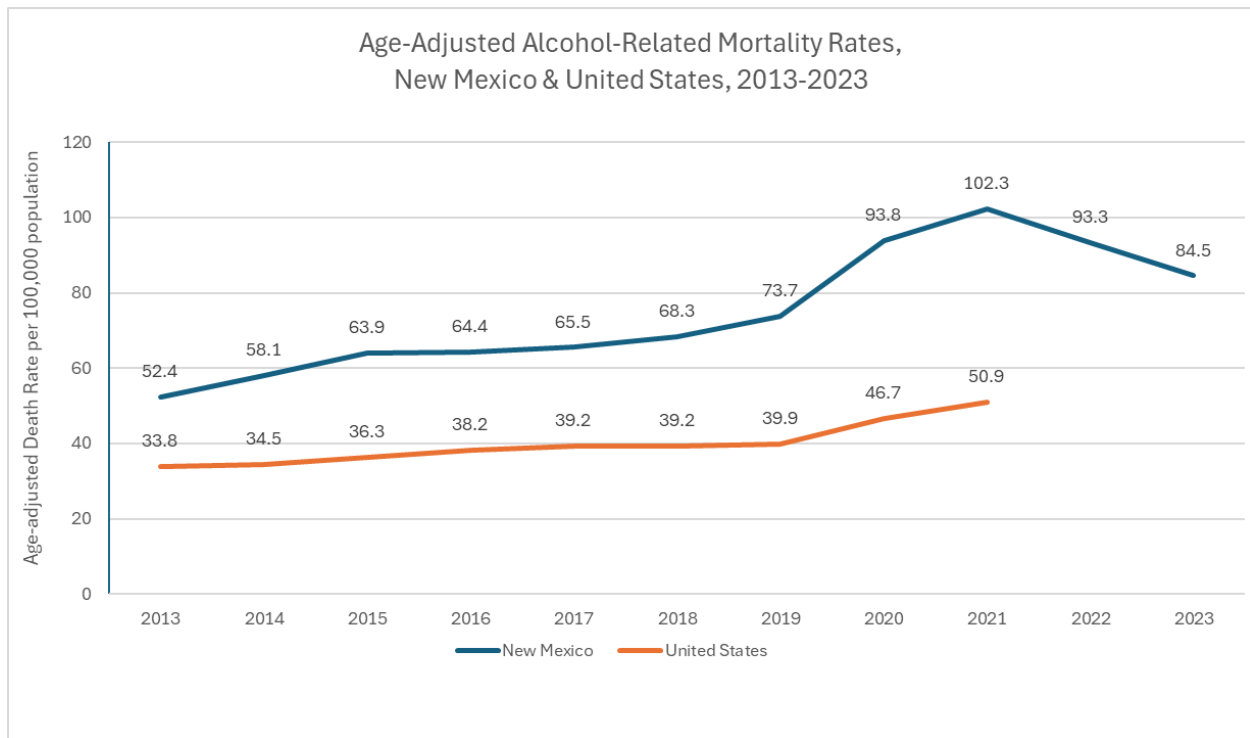
Increased resources for alleviating alcohol harms such as the proposed Alcohol Alleviation Fund and the Tribal Alcohol Harms Alleviation Fund could contribute to creating a strong infrastructure for addressing alcohol misuse in New Mexico.

Evidence-based prevention is a key component of the continuum of care infrastructure for reducing alcohol-related harms. A 2021 meta-analysis revealed that alcohol prevention programs conducted among adolescents reduced the amount of alcohol consumed among participants (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8392207/>). Another study found that brief intervention in adolescence reduced the odds of reporting any alcohol-related harms and reduced the frequency of alcohol-related harms seven years after the intervention (<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2798620#:~:text=Robust%20analyses%20showed%20that%20compared,the%207%2Dyear%20study%20period>).

Evidence-based prevention interventions for substance use have consistently been found to produce benefits whose value outweighs the costs of outcomes that are prevented ([Investing in Prevention Makes Good Financial Sense | National Institute on Drug Abuse \(NIDA\)](#)) Estimates of the return on investment for specific individual, family/relationship, and school/community interventions, for example, have been estimated from \$1.36 to \$63 for each dollar invested. ([The Return on Investment of Substance Use Prevention - Prevention Technology Transfer Center \(PTTC\) Network](#))

New Mexico Trends

The number of alcohol-related deaths in New Mexico peaked in 2021 with 2,274 deaths (102.4/100,000 population). For two years, 2022 & 2023, alcohol-related deaths dropped to 2,067 and 1,896 respectively (93.3/100,000 population and 84.5/100,000). While these decreases are encouraging, the number of alcohol-related deaths in 2023 still exceeds the 2019 count of 1,720 alcohol-related deaths (78.2/100,000 population). New Mexico's alcohol-related death rate is consistently higher than the alcohol-related death rate of the United States.



Alcohol-related mortality is driven, in part, by some of New Mexico’s most populous counties. The highest number of alcohol-related deaths occur in Bernalillo County, San Juan, Santa Fe, Sandoval, and Dona Ana Counties. While these larger counties drive high counts of alcohol-related death, NM’s mortality rates are driven by smaller counties where alcohol-related deaths per capita occur with greater frequency. The NM counties with high alcohol-related mortality rates include McKinley (202.3/100,000 population), Rio Arriba (188.9/100,000 population), Socorro (174.9/100,000 population), and Taos (84.8/100,000 population). These counties have alcohol-related mortality rates that are higher than the statewide rate of 84.5/100,000 population in 2023.

Alcohol-related death is also driven by alcohol-related deaths due to chronic disease, such as chronic liver disease and cancer. In 2023 these deaths occurred about one and a half times as often as alcohol-related deaths from acute causes, like accidents or injuries. As with other chronic conditions, alcohol-related chronic conditions develop over many years of excessive alcohol use. Preventing excessive alcohol use among young people is the best way to prevent the development of alcohol-related chronic conditions. Most of these deaths occur among working-age New Mexicans, those between the ages of 35-64.

Alcohol-related deaths due to acute causes, however, most often occur within younger age groups. In 2023, about half of the alcohol-related deaths due to acute causes occurred among people ages 25-44.

The New Mexico Youth Risk and Resilience Survey (YRRS) measures risk and resiliency factors that impact health among public school students. According to YRRS data, alcohol consumption among youth has been decreasing since 2011. In 2023, 16.4% of highschoolers reported having consumed alcohol in the past 30 days compared to 19.5% in 2021 and 27.4% in 2019. Similarly, the percent of highschoolers who have engaged in binge drinking in the past month has also been declining steadily. The percent of highschoolers who binge drank in 2011

was 24% compared to only 7% in 2023, a 71% decrease. Alcohol consumption among middle schoolers has declined since 2011 when 13.2% of middle schoolers reported having consumed alcohol in the last 30 days. However, more middle schoolers drank alcohol in the past month in 2023 compared to 2021. The percent of middle schools who reported ever having consumed alcohol also increased from 2021 to 2023, but the 2023 percentage of 23.9 is still lower than the 2011 percentage of 28.5. Finally, one fifth of middle schoolers surveyed reporting having ridden with a drinking driver in 2023.

McKinley County

McKinley County had one of the most significant decreases in alcohol-related deaths between 2021 and 2023 with a drop of 38%. The decline of deaths in McKinley County is particularly impressive because McKinley County has had the highest rate of alcohol-related deaths in New Mexico for years. In 2021 for instance, the alcohol-related death rate in McKinley County was 326.7/100,000 population compared to a NM rate of 102.4/100,000. Both rates are significantly higher than the alcohol-related mortality rate for the United States which was 50.9/100,000 in 2021.

This decline in alcohol deaths in McKinley County demonstrates the importance of sustained prevention efforts and infrastructure to support treatment and recovery. In McKinley County, substance use has been addressed through a collaboration among multiple stakeholders including the City of Gallup, McKinley County prevention programs, and the Gallup Indian Medical Center. Partners provide behavioral health services and case management to high-risk and unsheltered populations and implement environmental strategies such as limiting the hours that alcohol can be sold. Coalitions and partnerships like those found in McKinley County are considered an evidence-based approach for sustainable, effective substance use prevention.

The county's voters have also supported a local liquor excise tax since 1990, now set at 6%. In addition to the fact that the tax increases the cost of alcohol, which is an evidence-based approach to reducing excessive alcohol use, the tax funds are used to support education, prevention, and treatment for alcohol misuse.

Other areas, including Taos and San Juan Counties, have also seen significant decreases in alcohol-related death, and have worked at developing the infrastructure to address substance misuse, including broad-based prevention coalitions focused on evidence-based prevention interventions. Between 2021-2023, the number of alcohol-related deaths in Taos County fell by 10%, and in San Juan County there was a nearly 30% decline in the number of alcohol-related deaths.

The Cost of Alcohol and Reducing Alcohol Harms

Raising the price of alcohol, as the proposed liquor excise surtax would, is an evidence-based strategy for reducing alcohol-related harm and there is growing evidence that increasing the price will lead to less excessive alcohol consumption. It is important to note that alcohol consumption patterns differ from state to state, with NM's morbidity and mortality being driven by an older demographic of chronic, heavy drinkers. The CDC analysis of the societal cost of alcohol included lost productivity as part of their calculation. The article by Wada et al. (2017) found that a 5% additional tax on the sales price of alcohol would increase the net employment in New Mexico by 621 jobs (<https://www.sciencedirect.com/science/article/pii/S0091743517303006>).

Another economic analysis by Saffer et al. (2022) found that increasing the price of alcohol would decrease consumption among heavy drinkers, and affirm that increasing the price would also increase the price among those who buy the cheapest alcohol, but "the harm done to the low income group by tax hikes may be more than offset by the benefits of reductions in heavy drinking" (https://www.nber.org/system/files/working_papers/w30097/w30097.pdf).

A systematic review by Guidon et al. (2022) examined 30 articles on the impact of alcohol taxes and prices on consumption, assessing for quality. Among those 30 articles, there were 6 (20% of the studies included) that had evidence of alcohol industry involvement, and that those industry-funded articles were more likely to report that increasing taxes on alcohol would not change consumption behavior, noting “There is ample evidence of an association between financial conflicts of interest, including commercial research sponsorship, with publication of research favorable [sic] to the sponsor.” Among the studies without apparent industry influence, the reviews concluded that higher taxes, and thus higher alcohol prices were associated with less heavy episodic drinking (binge drinking) and heavy drinking. Additionally, the non-industry influenced articles “provided no evidence that alcohol price responsiveness differed by socioeconomic status” (<https://pmc.ncbi.nlm.nih.gov/articles/PMC9796894/#abstract1>). Setting aside the question of whether increased cost or taxation of alcohol contributes to less consumption, it is important to recognize the importance of funding prevention, intervention, and treatment as a valuable stand-alone policy.

Maryland and Illinois have enacted legislation to increase the cost of alcohol. Maryland increased the sales tax rate on alcohol and saw a reduction in alcohol-positive driving (<https://pmc.ncbi.nlm.nih.gov/articles/PMC5497300/>), a reduction in the number of sexually transmitted infections ([https://www.ajpmonline.org/article/S0749-3797\(15\)00627-3/fulltext](https://www.ajpmonline.org/article/S0749-3797(15)00627-3/fulltext)), and a reduction in alcohol consumption (<https://publichealth.jhu.edu/2016/maryland-2011-alcohol-sales-tax-reduced-alcohol-sales-study-suggests>). After a tax raise in Illinois, there was a statistically significant decrease in fatal motor-vehicle crashes (<https://pmc.ncbi.nlm.nih.gov/articles/PMC4529769/#ref-list1>).

In addition to addressing alcohol harms by raising the cost of alcohol, SB431 would create two fund programs; Local Alcohol Harms Alleviation Program and the Tribal Alcohol Harms Alleviation Fund for innovative or model programs and recovery approaches to promote prevention or facilitate interventions, provide court-ordered supervision services and reduce harms and risks associated with substance misuse.

While Tribal representatives are identified for the Tribal Alcohol Harms Alleviation Council, there isn't the same representation for the Local Alcohol Harms Alleviation Program Council which is charged with receiving applications and considering grant requests. It must be understood that the Secretary for Indian Affairs Department is not a substitute for Tribal representation.

Additionally, when considering implementing the Tribal Alcohol Harms Alleviation Fund, there should be communication, collaboration and consultation with Tribal Leadership per the State-Tribal Collaboration Act, Section 3 (C):

A state agency shall make a reasonable effort to collaborate with Indian nations, tribes or pueblos in the **development and implementation** of policies, agreements and programs of the state agency that directly affect American Indian or Alaskan Natives. (Emphasis added).

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No

- Is this proposal related to the NMDOH Strategic Plan? Yes No
 - Goal 1:** We expand equitable access to services for all New Mexicans
 - Goal 2:** We ensure safety in New Mexico healthcare environments
 - Goal 3:** We improve health status for all New Mexicans
 - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

According to the FY25-FY27 Strategic Plan, excessive drinking is a performance indicator. Increasing the cost of alcohol will reduce excessive drinking in the state. Additionally, expanding funding for treatment and prevention services would increase access to alcohol use disorder treatment for all New Mexicans.

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 - Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 - Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

The bill proposes that the Tribal Alcohol Harms Alleviation Fund provide funding to the University of New Mexico. State agencies must adhere to Procurement Code in distributing funds to public and private entities

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

Companion to House Bill 417 which would create a new liquor excise tax surtax and provide funding for a new Tribal Alcohol Harms Alleviation Fund, as well as replace the current Local DWI program with a new Local Alcohol Harms Alleviation program.

Relates to Senate Bill 378 which seeks to increase the excise tax on spiritous liquors to \$1.92, the excise tax on beer to \$0.49, the excise tax on wine to \$0.54, and the excise tax on fortified wine to \$1.80. It also increases the excise tax on cider to \$0.49.

Conflicts with House Bill 460 which would repeal the liquor excise tax and eliminate the Local DWI Program.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

As noted in the legal/regulatory issues section, language should be added to address representation of Tribal Leadership and the State-Tribal Collaboration Act.

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No

- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations? Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

SB431 needs to be aligned with the goals of the State-Tribal Collaboration Act.

8. DISPARITIES ISSUES

Population Disparities

New Mexico has the highest alcohol-related death rate in the US. In 2023, there were 1,896 alcohol-related deaths in New Mexico, down from 2,067 in 2022 and 2,274 in 2021. The leading causes of alcohol-related chronic disease death in New Mexico include alcohol-related chronic liver disease, alcohol dependence, hypertension, alcohol abuse, and hemorrhagic stroke.

According to data from the 2023 BRFSS, American Indians consume alcohol the least. 23.8% of American Indians report consuming alcohol in the previous month compared to 48.4% of Hispanics and 50% of Whites. Similarly, American Indians binge drink (5 or more drinks on occasion for men, or 4 or more drinks on occasion for women) and drink heavily (2 or more drinks per day for men, or 1 or more drink per day for women) less than their Hispanic and White counterparts. 6.2% of American Indians binge drink compared to 15% of Hispanics and 11.7% of Whites. While American Indians consume alcohol less often than other populations, they suffer the highest alcohol-related mortality and are disproportionately impacted by the negative consequences of alcohol. The age-adjusted rate of death among American Indians in 2022 was 3.9 times higher than the state rate overall, and 3.1 times higher than the age-adjusted rate of alcohol death among Hispanics who have the second highest rate of alcohol-related death in the state. This disparity has been observed for many years, but it is unclear why, even with lower rates of consumption, American Indians suffer higher rates of death. Similarly, New Mexicans overall report less alcohol consumption compared to other states, but New Mexico suffers higher rates of death compared to states with similar populations, geographies, and drinking behaviors. It is unknown why this disparity exists in New Mexico, so the implementation of evidence-based practices to reduce drinking behaviors, like increased alcohol tax is important.

This bill specifically provides funding through the Indian Affairs Department for alcohol misuse prevention among the state's Tribes, Nations, and Pueblos. Since New Mexico's American Indian population bears a disproportionate burden of alcohol-related death, this increase in funding is likely to improve health equity by increasing resources to address alcohol misuse and related harms.

Geographic Disparities

Some counties in New Mexico have an alcohol-related death rate that is significantly higher than the state rate. McKinley County has the highest alcohol-related death rate in the state, with an age-adjusted rate 2.3 times higher than the state rate. Rio Arriba County has the second highest alcohol-related death rate, with a rate that is 2.2 times higher than the state

rate. The county with the third highest alcohol-related death rate in New Mexico is Socorro County, with a rate that is 2 times higher than the state rate.

Changing the current LDWI program formula used for determining funding for counties, which focuses on relative gross receipts and DWI injury data, to a formula heavily based on alcohol deaths, will help address the disparities in harms among counties.

Age Disparities

According to 2023 BRFSS data, people ages 25-34 consume the most alcohol. This group engages in the most excessive drinking (binge drinking or heavy drinking) and reports the highest percentage of binge drinking and past month alcohol consumption. 22.7% of people ages 25-34 report excessive drinking compared to 17.9% of 18–24-year-olds and 17.3% of people 35-44. 22% of people 25-34 binge drink followed by 17.4% of 18–24-year-olds. People 55-75+ binge drink the least.

The New Mexico Youth Risk and Resilience Survey (YRRS) measures risk and resiliency factors that impact health among public school students. According to YRRS data, alcohol consumption among youth has been decreasing since 2011. In 2023, 16.4% of highschoolers reported having consumed alcohol in the past 30 days compared to 19.5% in 2021 and 27.4% in 2019. Similarly, the percent of highschoolers who have engaged in binge drinking in the past month has also been declining steadily. The percent of highschoolers who binge drank in 2011 was 24% compared to only 7% in 2023, a 71% decrease. Alcohol consumption among middle schoolers has declined since 2011 when 13.2% of middle schoolers reported having consumed alcohol in the last 30 days. However, more middle schoolers drank alcohol in the past month in 2023 compared to 2021. The percent of middle schools who reported ever having consumed alcohol also increased from 2021 to 2023, but the 2023 percentage of 23.9 is still lower than the 2011 percentage of 28.5. Finally, one fifth of middle schoolers surveyed reporting having ridden with a drinking driver in 2023.

Income Disparities

Finally, there are disparities in alcohol harms in New Mexico related to income.

According to the Behavioral Risk Factor Surveillance System, those who drink excessively (binge or heavy drinking) are more likely to be in the higher household income levels than the lower household income levels. For example, in 2022, of those who drank excessively (either binge drank or heavy drank) 35.3% were in the highest household bracket (\$75,000+/year), while only 4.5% were in the lowest income bracket (<\$15,000/year). This bill will disproportionately impact those who drink the most, but since those individuals are largely in the highest income bracket, an increase in the cost of alcohol, a non-essential good, is unlikely to impact household budgets. Since a large portion of those who drink alcohol do so excessively (48% of New Mexicans who drink alcohol meet the definition of heavy drinking and 36% of New Mexicans who drink alcohol binge drink), there are very few non-excessive drinkers who will be affected by this increase in excise tax.

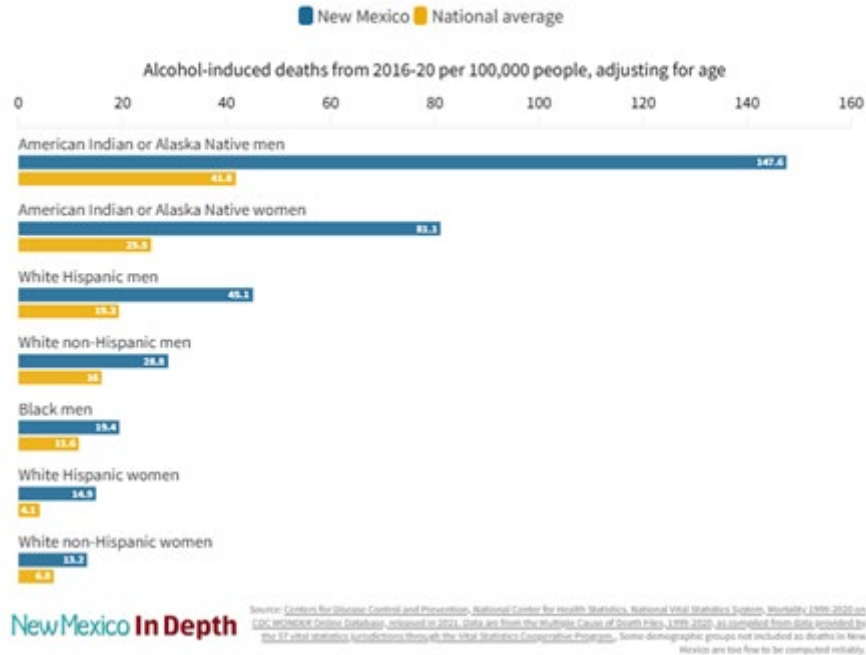
SB431 will increase health equity among the lowest income group, who bear a disproportionate burden of alcohol-related harms despite not drinking as much as the top income earners – termed the “alcohol harms paradox” (<https://pmc.ncbi.nlm.nih.gov/articles/PMC4758164/>), particularly if proceeds from the increased liquor excise tax are devoted to building out the

infrastructure of a continuum of care that supports alcohol misuse prevention, treatment, harm reduction, and recovery.

9. HEALTH IMPACT(S)

N.M.'s alcohol crisis affects Native, Anglo, Hispanic people similarly

In New Mexico, every demographic group dies of alcohol-induced causes at a much higher rate than their counterparts nationwide.



People who drink alcohol will be impacted by this bill via the 6% surtax on alcohol, and the entire population of New Mexico will benefit from an increase in prevention and treatment services, with American Indian populations directly benefiting from increased funding. Because alcohol-related harms (violence, property damage, indirect costs to the taxpayer) are often borne by those who do not drink, preventing excessive alcohol consumption will benefit all New Mexicans.

According to the 2023 Behavioral Risk Factor Surveillance System, approximately 97,762 or 45.8% of New Mexicans drank alcohol in the past month. People ages 25-34 consume the most alcohol. This group engages in the most excessive drinking (binge drinking or heavy drinking) and reports the highest percentage of binge drinking and past month alcohol consumption. 22.7% of people ages 25-34 report excessive drinking compared to 17.9% of 18-24-year-olds and 17.3% of people 35-44. 22% of people 25-34 binge drink followed by 17.4% of 18-24-year-olds. People 55-75+ binge drink the least. An increased alcohol tax may dissuade younger populations from initiating excessive drinking behaviors earlier in life thereby reducing the prevalence alcohol-related chronic disease over time.

10. ALTERNATIVES

None

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB431 is not enacted, then distributions of the Liquor Excise Tax will continue to be made to the local DWI Grant Fund focused on lowering the DWI incidence in New Mexico. Neither the Alcohol Harms Alleviation Fund nor the Tribal Alcohol Harms Alleviation Program will be created, and a 6% retail alcohol excise surtax will not be implemented. Temporary provisions, including a provision to review the alcohol excise tax and surtax rates will not be enacted. Broadly, if not enacted, funding for the prevention of alcohol-related harms as a result of the alcohol excise tax will not be directly granted to New Mexico counties or to New Mexico Tribes, Nations, and Pueblos to conduct community informed and relevant prevention programs, awareness campaigns or evidence-based intervention and treatment for substance use. In addition, funding to the University of New Mexico to conduct research studies on substance misuse and related consequences will not be provided.

Consequences from not funding interventions to address alcohol misuse are wide reaching, as indicated by a 2017 New Mexico Legislative Finance report, which found that 50% of the country's jail and prison inmates are clinically addicted to drugs or alcohol, and 60% of individuals arrested for most types of crime test positive for illegal drugs when arrested (https://nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Program%20Evaluation%20Update%20on%20New%20Mexico%20Drug%20Courts.pdf).

Research shows that treatment is the most effective way to break the cycle of crime and incarceration for offenders with drug abuse and addiction issues, but less than 20% of inmates who need treatment receive it. An initial LFC analysis of adult drug court rearrest rates in FY16 found that participants who complete the program have a three-year rearrest rate (for any type of rearrest, not just felony rearrests) of 25%, compared to 50% for a comparison group with similar characteristics.

12. AMENDMENTS

Use of Evidence-Based Practices

SB431 should specify that funds disbursed from the Local Alcohol Harms Alleviation Program should be spent on evidence-based practices rather than “innovative or model programs” (page 12, line 24 of SB431).

Evidence-based practices are practices that have been evaluated and determined to be effective. The risk of implementing non-evidence-based practices is that the practices may have no effect or the opposite effect than what was intended. Evidence-based programs ensure that the money from the excise tax funds is utilized in a way that maximizes their value.