

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB 432 establishes the behavioral health grant program fund as a non-reverting fund in the state treasury administered by the local government division (LGD) of DFA.

The bill amends 7-1-6.4 NMSA 1978 to distribute 2 percent of net liquor excise tax revenue to the behavioral health grant program fund and amends 7-1-6.68 to distribute 5 percent of net cannabis excise tax receipts to the behavioral health grant program fund.

SB 432 also creates the behavioral health grant program within the LGD to make grants to municipalities and counties for new or existing community-based behavioral health programs. To qualify for grants, local governments must have adopted behavioral health plans and the programs or services for which funding is sought must be consistent with the statewide behavioral health masterplan adopted by the interagency behavioral health purchasing collaborative pursuant to Section 24A-3-1 NMSA 1978. Grantmaking may prioritize services for children.

Finally, SB 432 distributes an additional 2 percent of net liquor excise tax revenue to the health care authority to increase medicaid reimbursement for new or existing behavioral health programs.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The behavioral health grant program created by SB 432 would benefit New Mexico as there continues to be high unmet need for behavioral health services statewide. This bill would dedicate a proportion of New Mexico's liquor excise tax for behavioral health treatment. People with mental health disorders are twice as likely to have an alcohol use disorder as those without mental health conditions and would benefit from increased access to services.¹ In addition, alcohol taxes can help to reduce alcohol consumption and related harms.²

SB 432 would also dedicate a proportion of the net receipts of the cannabis excise tax for behavioral health treatment. Recent research associated legalization of cannabis in Canada was with a nearly three fold increase the share of schizophrenia diagnoses attributable to cannabis

¹Puddephatt JA, Irizar P, Jones A, Gage SH, Goodwin L. Associations of common mental disorder with alcohol use in the adult general population: a systematic review and meta-analysis. *Addiction*. 2022;117(6):1543-1572.

Retrieved from: <https://pubmed.ncbi.nlm.nih.gov/articles/PMC9300028/>

² Guindon GE, Zhao K, Fatima T, et al. Prices, taxes and alcohol use: a systematic umbrella review. *Addiction*. 2022;117(12):3004-3023. doi:10.1111/add.15966. Retrieved from:

<https://pubmed.ncbi.nlm.nih.gov/articles/PMC9796894/>

use. This risk of increased psychosis suggests that there may be more need for behavioral health treatment as access to cannabis increases.³

New Mexico's Medicaid program plays a pivotal role in access to behavioral healthcare. Increasing reimbursement rates for behavioral health services can increase the number of providers and thus access to care.

Behavioral health grant program funding could also potentially be utilized to help develop innovative programs and services that do not fit neatly into standard Medicaid service definitions.

Given this session's multitude of behavioral health bills, close coordination between this grant program and other programs will be critical to making the highest and best use of available funding. Requiring that local governments have behavioral health plans in place in order to qualify for funding and that funded programs and services align with the statewide behavioral health priorities is critical to ensuring coordination.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

³Myran DT, Pugliese M, Harrison LD, et al. Changes in Incident Schizophrenia Diagnoses Associated With Cannabis Use Disorder After Cannabis Legalization. *JAMA Netw Open.* 2025;8(2):e2457868. Retrieved from: <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2829840>