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SENATE BILL 147

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

INTRODUCED BY

Antoinette Sedillo Lopez and Bill Tallman and Shannon D. Pinto

AN ACT

RELATING TO TAXATION; INCREASING LIQUOR EXCISE TAX RATES ON  
ALCOHOLIC BEVERAGES FOR CERTAIN MANUFACTURERS AND PRODUCERS;  
INDEXING THE TAX RATES FOR ALL MANUFACTURERS AND PRODUCERS;  
CHANGING CURRENT DISTRIBUTIONS FROM A PERCENTAGE OF NET  
RECEIPTS OF THE LIQUOR EXCISE TAX TO DOLLAR AMOUNTS;  
DISTRIBUTING THE REMAINDER OF THE REVENUE FROM THE LIQUOR  
EXCISE TAX TO A NEW ALCOHOL HARMS ALLEVIATION FUND; CREATING  
THE ALCOHOL HARMS ALLEVIATION FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 7-1-6.40 NMSA 1978 (being Laws 1997,  
Chapter 182, Section 1, as amended) is amended to read:

"7-1-6.40. DISTRIBUTION OF LIQUOR EXCISE TAX--LOCAL DWI  
GRANT FUND--CERTAIN MUNICIPALITIES--DRUG COURT FUND--ALCOHOL  
HARMS ALLEVIATION FUND.--

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1           A. A distribution pursuant to Section 7-1-6.1 NMSA  
2 1978 in an amount equal to [~~forty-five percent of~~] two million  
3 eighty-four thousand dollars (\$2,084,000) monthly from the net  
4 receipts attributable to the liquor excise tax shall be made to  
5 the local DWI grant fund.

6           B. A distribution pursuant to Section 7-1-6.1 NMSA  
7 1978 of twenty thousand seven hundred fifty dollars (\$20,750)  
8 monthly from the net receipts attributable to the liquor excise  
9 tax shall be made to a municipality that is located in a class  
10 A county and that has a population according to the most recent  
11 federal decennial census of more than thirty thousand but less  
12 than sixty thousand and shall be used by the municipality only  
13 for the provision of alcohol treatment and rehabilitation  
14 services for street inebriates.

15           C. [~~Beginning July 1, 2019~~] A distribution pursuant  
16 to Section 7-1-6.1 NMSA 1978 in an amount equal to [~~five~~  
17 ~~percent of~~] two hundred fifty thousand dollars (\$250,000)  
18 monthly from the net receipts attributable to the liquor excise  
19 tax shall be made to the drug court fund.

20           D. After the distributions are made pursuant to  
21 Subsections A through C of this section, a distribution  
22 pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the  
23 alcohol harms alleviation fund in an amount equal to the  
24 remainder of the net receipts attributable to the liquor excise  
25 tax."

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1           SECTION 2. Section 7-17-2 NMSA 1978 (being Laws 1966,  
2 Chapter 49, Section 2, as amended) is amended to read:

3           "7-17-2. DEFINITIONS.--As used in the Liquor Excise Tax  
4 Act:

5           A. "alcoholic beverages" means distilled or  
6 rectified spirits, potable alcohol, brandy, whiskey, rum, gin,  
7 aromatic bitters or any similar beverage, including blended or  
8 fermented beverages, dilutions or mixtures of one or more of  
9 the foregoing containing more than one-half of one percent  
10 alcohol by volume, but "alcoholic beverages" does not include  
11 medicinal bitters;

12           B. "barrel" means the equivalent of thirty-one  
13 gallons;

14           ~~[B-]~~ C. "beer" means an alcoholic beverage obtained  
15 by the fermentation of any infusion or decoction of barley,  
16 malt and hops or other cereals in water and includes porter,  
17 beer, ale and stout;

18           ~~[C-]~~ D. "cider" means an alcoholic beverage made  
19 from the normal alcoholic fermentation of the juice of sound,  
20 ripe apples or pears that contains not less than one-half of  
21 one percent of alcohol by volume and not more than eight and  
22 one-half percent of alcohol by volume;

23           ~~[D-]~~ E. "department" means the taxation and revenue  
24 department, the secretary of taxation and revenue or any  
25 employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 ~~[F-]~~ F. "fortified wine" means wine containing more  
3 than fourteen percent alcohol by volume when bottled or  
4 packaged by the manufacturer, but "fortified wine" does not  
5 include:

6 (1) wine that is sealed or capped by cork  
7 closure and aged two years or more;

8 (2) wine that contains more than fourteen  
9 percent alcohol by volume solely as a result of the natural  
10 fermentation process and that has not been produced with the  
11 addition of wine spirits, brandy or alcohol; or

12 (3) vermouth and sherry;

13 ~~[F-]~~ G. "microbrewer" means a person who produces  
14 less than two hundred thousand barrels of beer per year;

15 ~~[G-]~~ H. "person" includes, to the extent permitted  
16 by law, a federal, state or other governmental unit or  
17 subdivision or an agency, department, institution or  
18 instrumentality thereof;

19 ~~[H-]~~ I. "small winegrower" means a winegrower who  
20 produces less than one million five hundred thousand liters of  
21 wine in a year;

22 ~~[I-]~~ J. "spirituous liquors" means alcoholic  
23 beverages, except fermented beverages such as wine, beer, cider  
24 and ale;

25 ~~[J-]~~ K. "wholesaler" means a person holding a

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1 license issued under Section 60-6A-1 NMSA 1978 or a person  
2 selling alcoholic beverages that were not purchased from a  
3 person holding a license issued under Section 60-6A-1 NMSA  
4 1978;

5 [K-] L. "wine" means an alcoholic beverage other  
6 than cider that is obtained by the fermentation of the natural  
7 sugar contained in fruit or other agricultural products, with  
8 or without the addition of sugar or other products, and that  
9 does not contain more than twenty-one percent alcohol by  
10 volume; and

11 [L-] M. "winegrower" means a person licensed  
12 pursuant to Section 60-6A-11 NMSA 1978."

13 **SECTION 3.** Section 7-17-5 NMSA 1978 (being Laws 1993,  
14 Chapter 65, Section 8, as amended) is amended to read:

15 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

16 A. There is imposed on a wholesaler who sells  
17 alcoholic beverages on which the tax imposed by this section  
18 has not been paid an excise tax, to be referred to as the  
19 "liquor excise tax", at the [following] rates provided in  
20 Subsections B through F of this section on alcoholic beverages  
21 sold.

22 [~~(1) on spirituous liquors, except as provided~~  
23 ~~in Paragraph (9) of this subsection, one dollar sixty cents~~  
24 ~~(\$1.60) per liter;~~

25 [~~(2) on beer, except as provided in~~

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1 ~~Paragraph (5) of this subsection, forty-one cents (\$.41) per~~  
2 ~~gallon;~~

3 ~~(3) on wine, except as provided in Paragraphs~~  
4 ~~(4) and (6) of this subsection, forty-five cents (\$.45) per~~  
5 ~~liter;~~

6 ~~(4) on fortified wine, one dollar fifty cents~~  
7 ~~(\$1.50) per liter;~~

8 ~~(5) on beer manufactured or produced by a~~  
9 ~~microbrewer and sold in this state, provided that proof is~~  
10 ~~furnished to the department that the beer was manufactured or~~  
11 ~~produced by a microbrewer, eight cents (\$.08) per gallon on the~~  
12 ~~first thirty thousand barrels sold, twenty-eight cents (\$.28)~~  
13 ~~per gallon for all barrels sold over thirty thousand barrels~~  
14 ~~but less than sixty thousand barrels and forty-one cents (\$.41)~~  
15 ~~per gallon for sixty thousand or more barrels sold;~~

16 ~~(6) on wine manufactured or produced by a~~  
17 ~~small winegrower and sold in this state, provided that proof is~~  
18 ~~furnished to the department that the wine was manufactured or~~  
19 ~~produced by a small winegrower:~~

20 ~~(a) ten cents (\$.10) per liter on the~~  
21 ~~first eighty thousand liters sold;~~

22 ~~(b) twenty cents (\$.20) per liter on~~  
23 ~~each liter sold over eighty thousand liters but not over nine~~  
24 ~~hundred fifty thousand liters; and~~

25 ~~(c) thirty cents (\$.30) per liter on~~

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1 ~~each liter sold over nine hundred fifty thousand liters but not~~  
2 ~~over one million five hundred thousand liters;~~

3 ~~(7) on cider, except as provided in Paragraph~~  
4 ~~(8) of this subsection, forty-one cents (\$.41) per gallon;~~

5 ~~(8) on cider manufactured or produced by a~~  
6 ~~small winegrower and sold in this state, provided that proof is~~  
7 ~~furnished to the department that the cider was manufactured or~~  
8 ~~produced by a small winegrower, eight cents (\$.08) per gallon~~  
9 ~~on the first thirty thousand barrels sold, twenty-eight cents~~  
10 ~~(\$.28) per gallon for all barrels sold over thirty thousand~~  
11 ~~barrels but less than sixty thousand barrels and forty-one~~  
12 ~~cents (\$.41) per gallon for sixty thousand or more barrels~~  
13 ~~sold; and~~

14 ~~(9) on spirituous liquors manufactured or~~  
15 ~~produced by a craft distiller licensed pursuant to Section~~  
16 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~  
17 ~~department that the spirituous liquors were manufactured or~~  
18 ~~produced by a craft distiller, for products up to ten percent~~  
19 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~  
20 ~~two hundred fifty thousand liters sold and twenty-eight cents~~  
21 ~~(\$.28) per liter for the next two hundred fifty thousand liters~~  
22 ~~sold and for products over ten percent alcohol by volume,~~  
23 ~~thirty-two cents (\$.32) per liter on the first one hundred~~  
24 ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~  
25 ~~per liter on the next two hundred thousand liters sold.]~~

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1                   B. Prior to July 1, 2028, the liquor excise tax  
2 imposed on spirituous liquors is as follows:

3                   (1) if manufactured or produced by a craft  
4 distiller licensed pursuant to Section 60-6A-6.1 NMSA 1978;  
5 provided that proof is provided to the department that the  
6 spirituous liquors were manufactured or produced by a craft  
7 distiller:

8                   (a) for products up to ten percent  
9 alcohol by volume: 1) eight cents (\$.08) per liter for the  
10 first two hundred fifty thousand liters sold; 2) twenty-eight  
11 cents (\$.28) per liter for the next two hundred fifty thousand  
12 liters sold; and 3) seven dollars twenty-four cents (\$7.24) for  
13 each liter sold thereafter; and

14                   (b) for products over ten percent  
15 alcohol by volume: 1) thirty-two cents (\$.32) per liter on the  
16 first one hundred seventy-five thousand liters sold; 2)  
17 sixty-five cents (\$.65) per liter on the next two hundred  
18 thousand liters sold; and 3) seven dollars twenty-four cents  
19 (\$7.24) for each liter sold thereafter; and

20                   (2) for all other spirituous liquors, seven  
21 dollars twenty-four cents (\$7.24) per liter sold.

22                   C. Prior to July 1, 2028, the liquor excise tax  
23 imposed on beer and cider is as follows:

24                   (1) if manufactured or produced by a  
25 microbrewer or small winegrower and sold in this state;



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1 provided that proof is furnished to the department that the  
2 beer or cider was manufactured or produced by a microbrewer or  
3 small winegrower:

4 (a) eight cents (\$.08) per gallon on the  
5 first thirty thousand barrels sold;

6 (b) twenty-eight cents (\$.28) per gallon  
7 for all barrels sold over thirty thousand barrels but less than  
8 sixty thousand barrels; and

9 (c) forty-one cents (\$.41) per gallon  
10 for sixty thousand or more barrels sold but not over two  
11 hundred thousand barrels; and

12 (2) for all other beer and cider, three  
13 dollars eight cents (\$3.08) per gallon sold.

14 D. Prior to July 1, 2028, the liquor excise tax  
15 imposed on wine is as follows:

16 (1) if manufactured or produced by a small  
17 winegrower and sold in this state; provided that proof is  
18 furnished to the department that the wine was manufactured or  
19 produced by a small winegrower:

20 (a) ten cents (\$.10) per liter on the  
21 first eighty thousand liters sold;

22 (b) twenty cents (\$.20) per liter on  
23 each liter sold over eighty thousand liters but not over nine  
24 hundred fifty thousand liters; and

25 (c) thirty cents (\$.30) per liter on

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1 each liter sold over nine hundred fifty thousand liters but not  
2 over one million five hundred thousand liters; and

3 (2) for all other wine, two dollars fourteen  
4 cents (\$2.14) per liter sold.

5 E. Prior to July 1, 2028, the liquor excise tax  
6 imposed on fortified wine is three dollars ninety-two cents  
7 (\$3.92) per liter sold.

8 F. No later than April 30, 2028 and April 30 of  
9 each third year thereafter, the department shall calculate the  
10 rates of liquor excise tax to be imposed as of July 1 of that  
11 year. The rates of the liquor excise tax shall be equal to the  
12 product, rounded down to the nearest whole cent, of the rates  
13 provided in Subsections B through E of this section, multiplied  
14 by a fraction with a numerator equal to the consumer price  
15 index for the previous calendar year and a denominator equal to  
16 the consumer price index for the calendar year 2024; provided  
17 that the rate of the tax shall not be less than the rate  
18 imposed on July 1 of the previous year.

19 ~~[B-]~~ G. The volume of wine transferred from one  
20 winegrower to another winegrower for processing, bottling or  
21 storage and subsequent return to the transferor shall be  
22 excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable  
23 volume of wine of the transferee. Wine transferred from an  
24 initial winegrower to a second winegrower remains a tax  
25 liability of the transferor, provided that if the wine is

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1 transferred to the transferee for the transferee's use or for  
2 resale, the transferee then assumes the liability for the tax  
3 due pursuant to this section.

4 ~~[G.]~~ H. A transfer of wine from a winegrower to a  
5 wholesaler for distribution of the wine transfers the liability  
6 for payment of the liquor excise tax to the wholesaler upon the  
7 sale of the wine by the wholesaler.

8 I. As used in this section, "consumer price index"  
9 means the consumer price index for all urban consumers  
10 published by the United States department of labor."

11 SECTION 4. [NEW MATERIAL] ALCOHOL HARMS ALLEVIATION  
12 FUND.--

13 A. The "alcohol harms alleviation fund" is created  
14 as a nonreverting fund in the state treasury. The fund  
15 consists of appropriations, distributions, gifts, grants,  
16 donations and bequests made to the fund and income from  
17 investment of the fund. The department of finance and  
18 administration shall administer the fund, and money in the fund  
19 is subject to appropriation by the legislature for alcohol  
20 harms prevention, treatment and recovery services to  
21 individuals throughout New Mexico, including on lands of Indian  
22 nations, tribes and pueblos, and to individuals harmed by a  
23 person in need of those services. When appropriating the  
24 funds, the legislature shall prioritize community-based  
25 initiatives that address the needs of populations and

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1 communities that are disproportionately impacted by excessive  
2 alcohol use and are working to reduce health disparities.

3 B. Money in the fund shall be expended by warrant  
4 of the secretary of finance and administration pursuant to  
5 vouchers signed by the secretary or the secretary's authorized  
6 representative.

7 SECTION 5. EFFECTIVE DATE.--The effective date of the  
8 provisions of this act is July 1, 2025.

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