

Hybrid Alcohol Harms Alleviation Act

Indian Affairs Committee

November 1, 2024

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**With respect, we acknowledge that we are on the unceded ancestral lands of the Pueblo, Navajo, and Apache peoples.
We honor their contributions to the land, both past and present.**



With Gratitude To:

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Organizations:

NM Alcohol Harms Alleviation Coalition
NM Behavioral Health Providers Association
NM Tribal Behavioral Health Association
NM Society of Addiction Medicine
Health Equity Council
NM Alliance of Health Councils
NM Association of Addiction Professionals
NM Voices for Children
National Latino Behavioral Health Association
Rio Arriba Community Health Council
Cibola Substance Abuse Prevention Coalition
Veterans & Military Families Caucus Democratic
Party of NM
U.S. Alcohol Policy Alliance
Mothers Against Drunk Driving (MADD)
Rio Grande Alcohol Treatment Program
Alcohol Justice
Recovery Cafe, Las Vegas
Recovery Friendly Taos
NM Chapter of League of Women Voters
The American Association of University Women

Santa Fe National Organization for Women
Serna Solutions
Bernalillo County Commission
DWI Resource Center
Turning Point Recovery Center
Susan Wilger Consulting
Alliance for Gun Violence
New Ventures Consulting
Alpha Assessment Associates
First Nations Health Source
Hands Across Cultures

New Mexico Leads the Country in Alcohol-related Mortality

- New Mexico has had the highest state rate of alcohol-related mortality since 1997, and has ranked 1st, 2nd, or 3rd, since 1981
- Although New Mexico has the 6th highest state rate of overdose nationally, our rate of death from alcohol is 2x our rate of death from overdose
- New Mexico is also a leader in gun-related mortality, ranking 3rd in the country, and from 2010-2019, 32% of suicides and 42% of homicides in the state involved alcohol
- Youth drinking, which is associated with increased risk of alcohol use disorder, is higher in New Mexico than other states
 - 21% of New Mexico youth reported having a first drink of alcohol before age 13, compared to 15% nationally

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Centers for Disease Control and Prevention. Drug Overdose Mortality by State. Published March 1, 2022. Accessed February 10, 2024.

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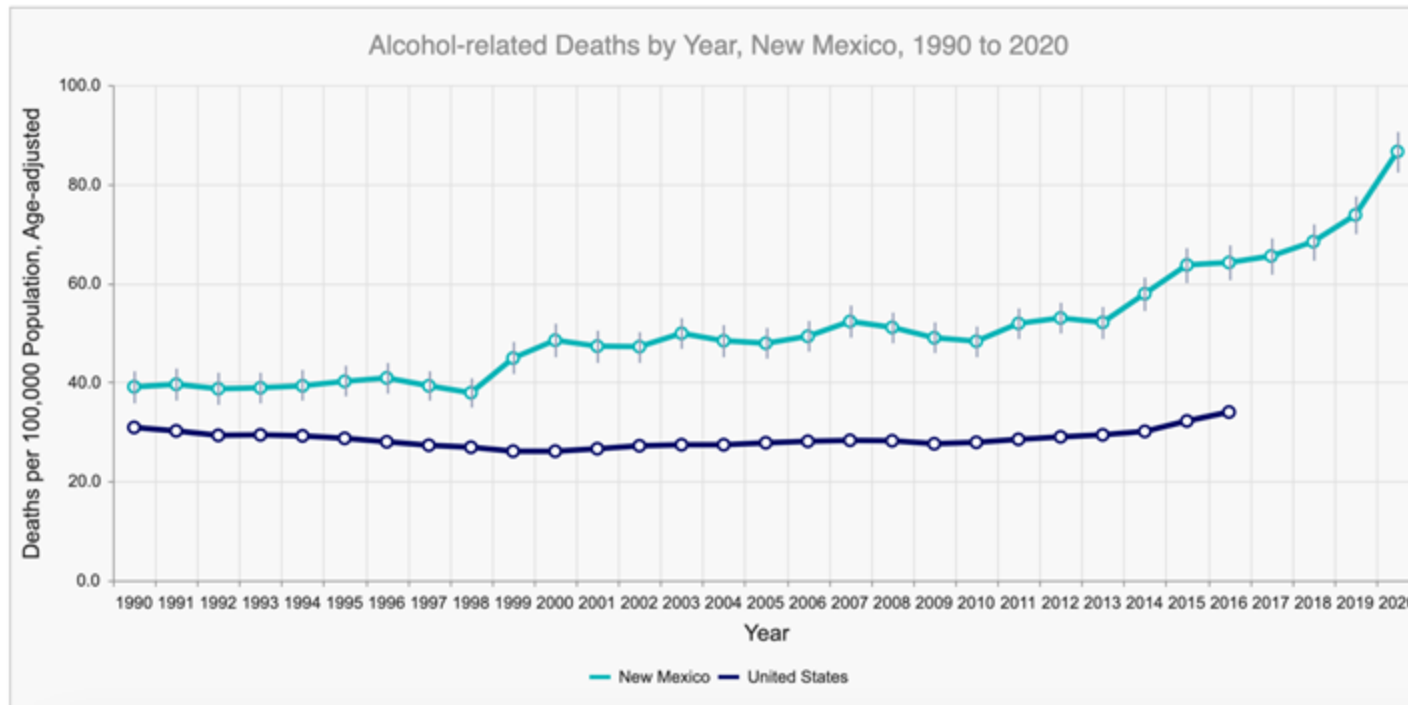
Alcorn T. A Missing Ingredient. New Mexico In Depth. https://nminddepth.com/2022/a-missing-ingredient/?utm_source=The+Trace+mailing+list&utm_campaign=2c858288b9-EMAIL_CAMPAIGN_2019_09_24_04_06_COPY_01&utm_medium=email&utm_term=0_f76c3ff31c-2c858288b9-112434573. Published July 24, 2022.

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Alcohol-related Mortality Increasing in New Mexico



- From 2019-2021, the rate of alcohol-related death increased by 31%, reaching an all-time high in 2021, now accounting for more than 2,000 deaths per year
- In 2022, the age-adjusted alcohol-related mortality rate in New Mexico was **93.9 per 100,000**

New Mexico Department of Health. New Mexico Substance Use Epidemiology Profile, 2022.

New Mexico Department of Health. 2022 Estimates of alcohol-related mortality by county, race/ethnicity, age, and sex.

Progress Report: Addressing Substance Use Disorders. Program Evaluation Unit Legislative Finance Committee August 24, 2023.

<https://ibis.doh.nm.gov/indicator/summary/AlcoholRelatedDth.html>

Esser MB, Sherk A, Liu Y, Naimi TS. Deaths from Excessive Alcohol Use — United States, 2016–2021. *MMWR Morb Mortal Wkly Rep.* 2024;73(8):154-161. doi:10.15585/mmwr.mm7308a1

The Downstream Effects of Alcohol Consumption Impact New Mexico's Economy

- In 2010, excessive alcohol consumption cost New Mexico \$2.2 billion
- Equivalent to \$2.77 per drink, with NM experiencing the highest cost per drink of all states
- Adjusting only for inflation and not increases in alcohol consumption, this cost would be equivalent to \$3.1 billion in 2023, or \$3.93 per standard drink
 - NM's entire 2023 Medicaid budget was \$8.9 billion
- This not only includes health and injury consequences, but also lost economic output through absenteeism and impaired productivity

Sacks JJ, Gonzales KR, Bouchery EE, Tomedi LE, Brewer RD. 2010 national and state costs of excessive alcohol consumption. American journal of preventive medicine. 2015 Nov 1;49(5):e73-9.

Medicaid Accountability Report. New Mexico Legislative Finance Committee; 2023.

https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Medicaid%20Accountability%20Report.pdf

Alcohol is Cheap and Widely Available in our State



Alcohol Consumption and Mortality by Race/Ethnicity in New Mexico

Group	% of Adults who Drank 1+ Alcoholic Beverage, Past 30-days ^a	Alcohol-related deaths per 100,000 population ^b
Indigenous	36%	284
Black	47%	81
Hispanic	48%	82
White	54%	67

^a 2022 Behavioral Risk Factor Surveillance System, Centers for Disease Control and Prevention

^b 2022 Alcohol-related Mortality by Race/Ethnicity, New Mexico Department of Health

Excessive Alcohol Use and the Paradox of Harm

“Paradox of Harm”: when drinking the same levels of alcohol, disadvantaged populations experience greater health harms and healthcare expenditures from alcohol compared to advantaged populations

- A telephone study in England found that drinkers of lower socioeconomic status were more likely than drinkers of higher socioeconomic status to have other risk factors for poor health, leading to multiplicative effects on risk of adverse health outcomes related to alcohol
- In New Mexico, this could result from structural violence, intergenerational trauma, and social determinants of health

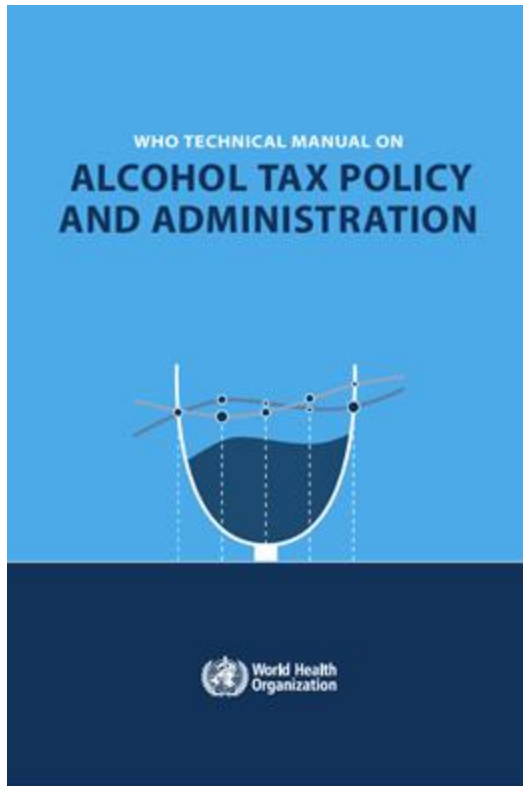
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Bloomfield K. Understanding the alcohol-harm paradox: what next?. *The Lancet Public Health*. 2020 Jun 1;5(6):e300-1.

Probst C, Kilian C, Sanchez S, Lange S, Rehm J. The role of alcohol use and drinking patterns in socioeconomic inequalities in mortality: a systematic review. *The Lancet Public Health*. 2020 Jun 1;5(6):e324-32.

Karaye IM, Maleki N, Yunusa I. Racial and ethnic disparities in alcohol-attributed deaths in the United States, 1999–2020. *International journal of environmental research and public health*. 2023 Apr 20;20(8):5587.

World Health Organization Recommends Increasing Alcohol Taxes



“Taxing unhealthy products creates healthier populations. It has a positive ripple effect across society - less disease and debilitation and revenue for governments to provide public services. In the case of alcohol, taxes also help prevent violence and road traffic injuries.”

- Dr. Rüdiger Krech, Director, Health Promotion, World Health Organization

New Mexico Department of Health Recommends Increasing Alcohol Taxes

THINGS THAT CAN BE DONE TO DECREASE ALCOHOL-RELATED HARM

Increase Alcohol Taxes - Increasing alcohol taxes has been shown to decrease drinking (including underage drinkers), and decrease many alcohol-related harms.

Regulate Alcohol Outlet Density - Limiting the number of businesses selling and distributing alcohol in neighborhoods is one of the most effective strategies for reducing alcohol-related harm.

Increase Alcohol Screening and Brief Intervention - Screening and brief intervention services provided in clinical, community, or fully online settings has been shown to reduce excessive alcohol consumption.

Limit the days and hours alcohol sales occur - Maintaining or decreasing days and hours that alcohol is sold.

To learn more visit The Community Guide at www.thecommunityguide.org/alcohol/index.html and the US Preventive Services Task

with 100 percent funded by CDC/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CDC/HHS, or the U.S. Government.



Alcohol Excise Taxes: an Overview

- Alcohol excise taxes are imposed upon the distributor and passed to consumers
- Raising the price of alcohol targets high-volume drinkers and can reduce health inequities
- Increasing the price of alcohol leads to reductions in alcohol consumption, alcohol use disorder and mortality from cirrhosis, motor vehicle crash fatalities, sexually transmitted infections, violence, all-cause mortality
- Increasing alcohol excise taxes generates state revenue for prevention and treatment

Beverage Type	Increase in Price	Expected Decrease in Consumption
Beer	10%	3.0%
Wine	10%	6.0%
Spirits	10%	6.5%

Excise Taxes vs. Sales Taxes

Type of Tax	Pros	Cons
Volume-based excise tax	<ul style="list-style-type: none">• Can increase the price of beverages and reduce consumption• Paid directly by alcohol industry• Easy to implement in NM	<ul style="list-style-type: none">• Need to be adjusted for inflation over time
Sales tax	<ul style="list-style-type: none">• Can increase the price of beverages and reduce consumption• Not subject to erosion from inflation	<ul style="list-style-type: none">• Lower tax amount per unit on lower-priced alcoholic beverages by design, making these more affordable and accessible• Would require additional infrastructure to assess and collect in NM• Paid directly by consumers

Conceptual Framework for Alcohol Taxes and Alcohol-related Health Outcomes

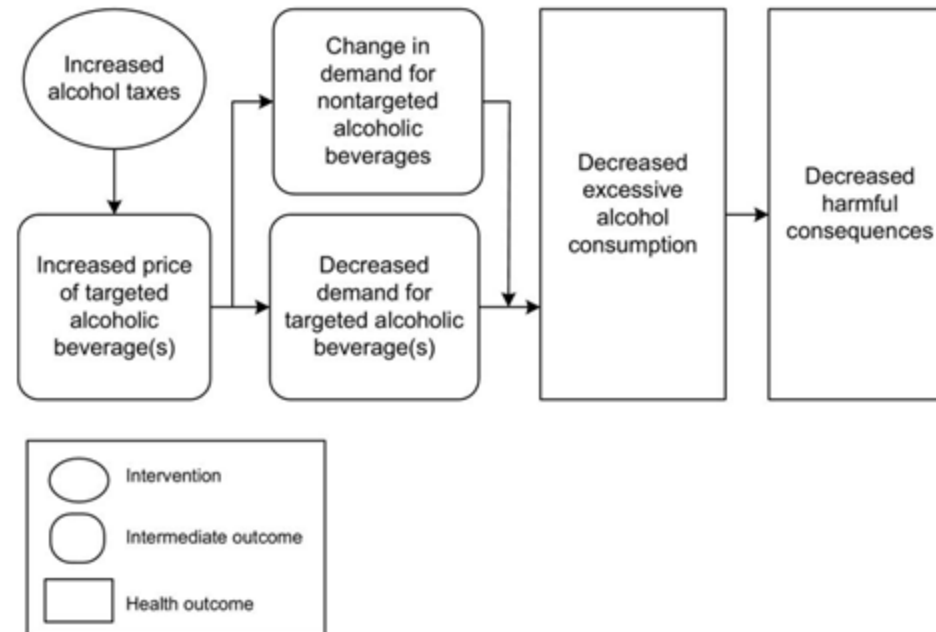


Figure 1. Conceptual model for the causal relationship between increased alcohol taxes and decreased excessive alcohol consumption and related harms (oval indicates intervention; rectangles with rounded corners indicate mediators or intermediate outcomes; and rectangles indicate outcomes directly related to improved health)

New Mexico's Current Alcohol Tax Structure

- Over 140 attempts to increase alcohol excise taxes in New Mexico since 1990, with the last success in 1993
- Recall, the cost to society for each standard drink, when adjusted for inflation, is approx. \$3.93, while the revenue to the state is just pennies
- Alcohol excise tax revenue amounts to ~\$50 million annually, with half going to the general fund

Beverage Type	Tax per Taxable Units	Tax per Standard Drink
Beer	\$0.41 / gallon	\$0.04 / standard drink
Wine	\$0.45 / liter	\$0.07 / standard drink
Spirits	\$1.60 / liter	\$0.07 / standard drink

**What does New Mexico need to
move the needle on alcohol-related
harms and health disparities?**

New Mexico Needs to Decrease Consumption and Create Effective Public Health Programs

The legislation should:

1. Decrease alcohol consumption by 5% - 10%
2. Raise \$200 million - \$250 million in annual tax revenue to stabilize funding and bolster public health investments for prevention of excessive alcohol use and treatment of alcohol use disorder and related harms

2024-2025 Proposal: Hybrid Alcohol Harms Alleviation Act

Part 1: Adjust Alcohol Excise Taxes for Inflation

- Increase alcohol excise tax to account for inflation since 1994 and include inflation adjustments every three years going forward

Part 2: Introduce a 12% Sales Tax

- Introduce a 12% sales across all beverage types to further reduce alcohol consumption and generate stable revenue

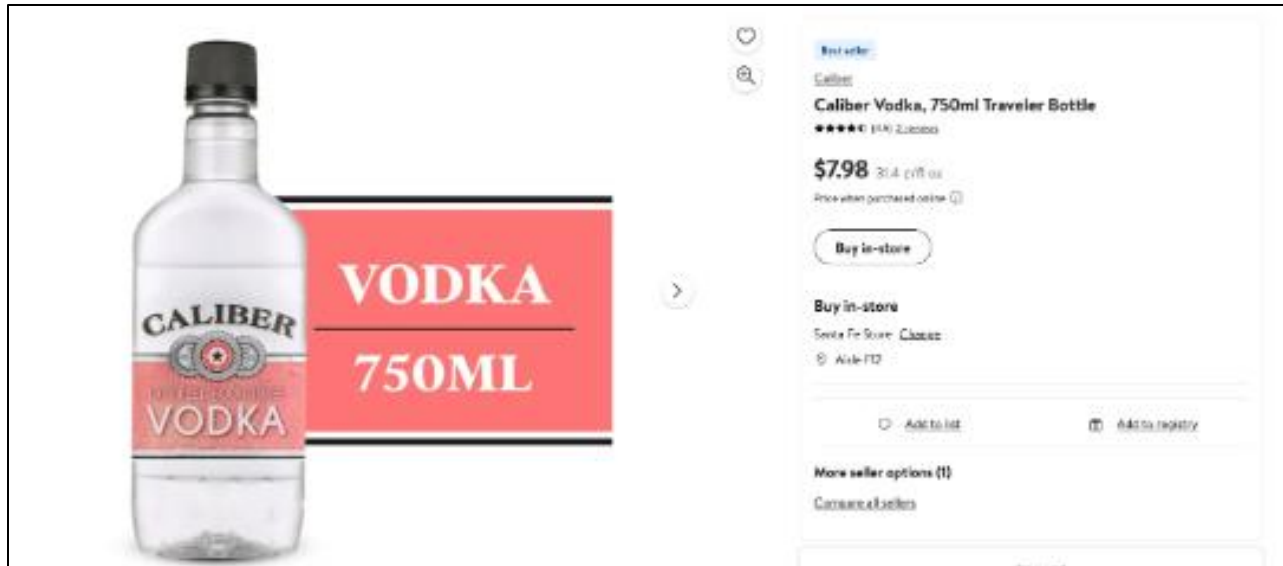
**Why is the proposal changing from
previous bills?**

This Bill Incorporates Excellent Ideas from Both 2024 Bills and Proposes a Hybrid Path Forward

- Maintenance of excise tax in accordance with all other non-control states
- Inflation adjustment of excise tax so it is equal to its original amount in 1994, and future inflation adjustments circumventing the need for additional legislative action
- Introduction of a sales tax as recommended by Representatives Cadena, Lente, and Parajón with higher cost beverages yielding greater taxes; cheapest beverages would still modestly increase in price
- Maintenance of existing programs and creation of AHA fund, with 25% of fund going directly to Tribes, Nations, and Pueblos
- Meets the goals of 5%-10% reduction in consumption and \$200 - \$250 million in annual revenue

**How would this bill change the
prices of beverages?**

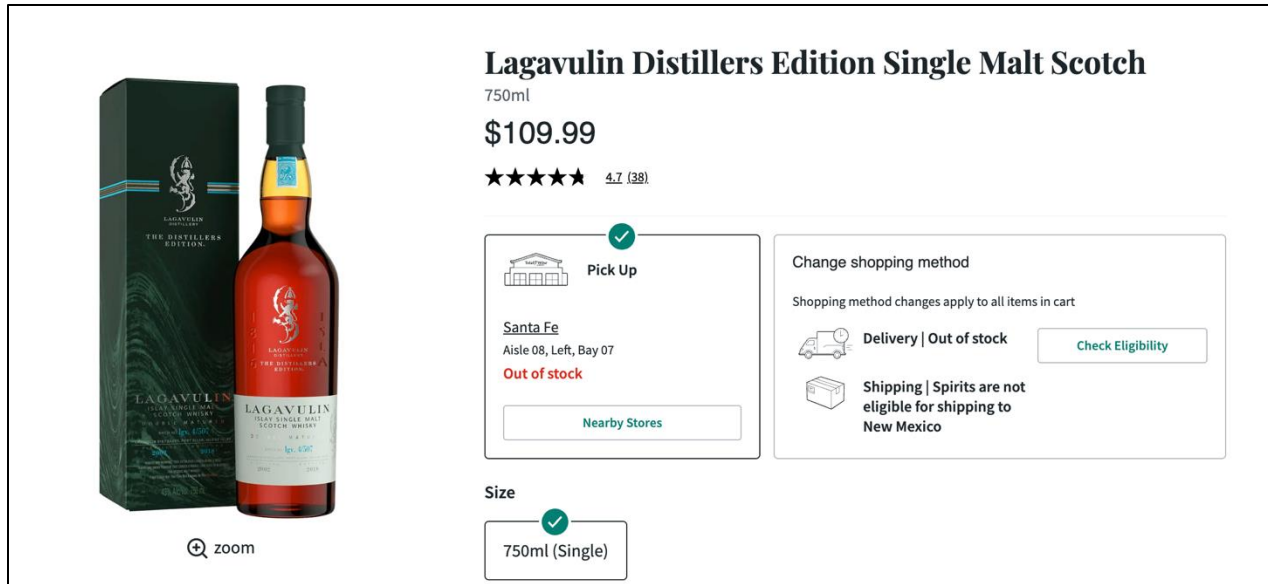
Example of Price Change on a Lower-cost Beverage



Price change of approx. \$2.50

- The excise tax would increase from \$1.20 to \$2.54, increasing the retail price to \$9.32
- The 12% sales tax would equal \$1.12
- Gross receipts tax is \$0.48 (unchanged at 5.125%)
- The final price would change from \$8.39 to \$10.92

Example of Price Change on a Higher-cost Beverage



Lagavulin Distillers Edition Single Malt Scotch
750ml
\$109.99
★★★★★ 4.7 (38)

Pick Up
Santa Fe
Aisle 08, Left, Bay 07
Out of stock
Nearby Stores

Change shopping method
Shopping method changes apply to all items in cart

Delivery | Out of stock [Check Eligibility](#)

Shipping | Spirits are not eligible for shipping to New Mexico

Size
750ml (Single)

Price change of approx. \$15.00

- The excise tax would increase from \$1.20 to \$2.54, increasing the retail price to \$111.33
- The 12% sales tax would equal \$13.36
- Gross receipts tax is \$5.71 (unchanged at 5.125%)
- The final price would change from \$115.63 to \$130.40

What are the anticipated public health impacts?

This Policy Would Decrease Alcohol Consumption and Raise Stable Revenue for Effective Programs and Infrastructure

The Hybrid Alcohol Harms Alleviation Act would:

- Reduce alcohol consumption by approximately 4%-11%
- Generate \$206-\$260 million in annual revenue for public health programs
- Models rely on assumptions and ranges are provided to reflect potential error in estimates

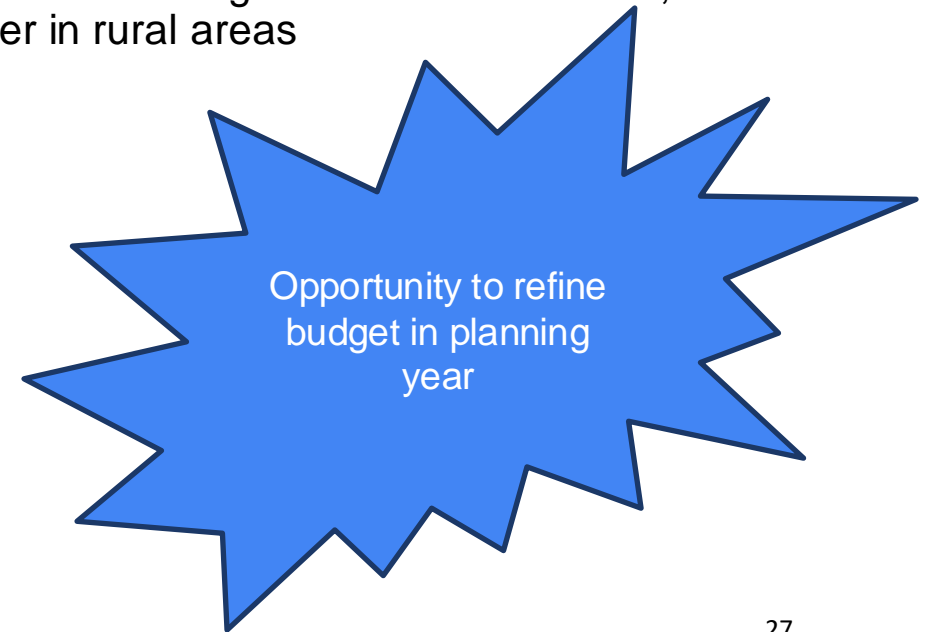
	Expected Change in Consumption			
	Beer	Wine	Spirits	Overall
Current Tax Rates	0%	0%	0%	0%
2024-2025 Hybrid Alcohol Harms Alleviation Act				
Part 1: Inflation-adjusted excise tax	-2%	-3%	-3%	-2%
Part 2: 12% Sales Tax	-3%	-8%	-8%	-7%
Total reductions in alcohol consumption	-5%	-11%	-11%	-9%

What Can New Mexico Do with \$200+ Million in Annual Revenue?

- Increased funding of programs in current statute and future adjustments for inflation: LDWI Program, Drug Courts, and Farmington program (~\$34 million annually)
- Creation of Alcohol Harms Alleviation Fund (~\$166 - ~\$216 million annually):
 - *“Alcohol harms, prevention, treatment and recovery services to individuals, throughout New Mexico, including individuals harmed by a person in need of those services”*
 - *“25% of annual funding to Indian Nations, Tribes and Pueblos to implement alcohol harms prevention programs and treatment, including culturally relevant practices”*
 - *“Legislature shall prioritize community-based initiatives that address the needs of populations and communities that are disproportionately impacted by excessive alcohol use and are working to reduce health disparities”*

Sample of Programs Requested by State Agencies and Community Organizations

- Research to assess and address equity impacts of excessive alcohol consumption in New Mexico
- Stable funding for community-led New Mexico Health Councils and other local collaboratives
- Robust public health messaging and media campaign
- Grant-funded programs to expand access to treatment for alcohol use disorder among uninsured individuals, adolescents, and seniors, and telehealth treatment for alcohol use disorder in rural areas
- Expansion of peer support worker program
- Evidence-based approaches to train family/friends/others (e.g., CRAFT)
- Home visitation program for high-risk fetal alcohol syndrome/effect
- Expansion of school-based prevention programs and health centers
- Domestic violence prevention and treatment



Frequently Asked Questions

**Would alcohol taxes be
disproportionately paid for by and
hurt marginalized communities?**

World Health Organization on Alcohol Industry Messaging

“The key message for policy and implementation is that the alcohol industry argues that excise taxes on alcoholic beverages are anti-poor and regressive, based on traditional approaches to measuring the welfare and distributional effects of alcohol tax increases, but this argument does not take into account the “alcohol harm paradox”...

These disproportionate alcohol harms impose a financial burden on poorer groups for treating alcohol-related conditions. The burden includes the costs of medicines, outpatient visits, transport, diagnostics and hospitalization, which need to be paid out of pocket if they are not covered by insurance... A modelling study on the impact of a minimum unit pricing policy on alcohol in South Africa estimated that the policy would result in 46% of catastrophic health-care expenditure averted among the poorest 40% of the population.”

Recall, the paradox of harm...

- Most alcohol in the state is consumed by individuals who are White, yet the highest mortality is observed among individuals who are Indigenous, Hispanic, and Black individuals
- Individuals who do not drink alcohol would not pay any taxes; the majority of the tax would be paid for by individuals who are higher-income and White
- Because of the disproportionate harms from alcohol on under-resourced individuals, even modest decreases in consumption could result in substantial increases in health
- Furthermore, under-resourced communities would benefit from public health investments and programs
- Scotland: reductions in alcohol-related hospitalizations and deaths were observed in the lowest-income neighborhoods after implementing a price intervention

**Wouldn't it be more compassionate
to under-resourced people not to
intervene?**

If we want to improve our population's health, we need to prioritize health and life

- One might wonder if it is cruel to intervene upon individuals facing myriad and extreme hardships, and if individuals in such circumstances should be undeterred in their use of alcohol
- While this may come from a place of compassion, this enables more harm and is antithetical to the very compassion motivating this idea
- Encouraging individuals to make minor reductions in alcohol consumption through market interventions incentivizes the use of funds for healthier behaviors. In addition, there is substantial evidence to suggest that even making modest reductions to one's alcohol use can result in substantial health benefits.
- There is an ethical imperative that if we want to improve our population-level health, we need to prioritize health and life

**Why should we increase alcohol
taxes when it will not change
everyone's drinking patterns?**

Goal is to *Reduce* Population-level Consumption, Not Stop All Individual-level Consumption

- A common response is that some individuals with severe alcohol use disorder will not change their alcohol consumption patterns due to a small increase in price, and the legislation is therefore not worthwhile to pursue
- This logic is similar to arguing against an assault weapons ban because, even though it would drastically reduce gun violence, it would not stop all gun violence
- Furthermore, this bill is not intended to reintroduce prohibition and stop all alcohol consumption; rather, it is intended to decrease the extremely high burden of alcohol-related harms in our state

**We know that New Mexico is different
from other states. Will increasing
alcohol taxes work here?**

The Laws of Economics Work in New Mexico

- Alcohol pricing strategies have resulted in health benefits across numerous jurisdictions and diverse cultures
- New Mexico has already benefited from similar taxes on tobacco and entered the recreational cannabis market with a gradually increasing sales tax (12% to 18% over the next several years)

Localities that have experienced improvements in population-level health from alcohol pricing strategies:

- | | |
|---------------|------------------|
| 1. Alaska | 10. Scotland |
| 2. Maryland | 11. Australia |
| 3. Illinois | 12. South Africa |
| 4. Florida | 13. Finland |
| 5. Oregon | 14. Norway |
| 6. Washington | 15. Sweden |
| 7. California | 16. Estonia |
| 8. Canada | 17. Iceland |
| 9. Lithuania | |

Couldn't we pay for public health interventions from the General Fund?

Allocating Money from the General Fund Without Increasing Taxes Would Have Minimal Impacts on Consumption and Harms

- Funding treatment and prevention programs is only half the battle
- Paying for services from the General Fund would not decrease alcohol consumption
- Furthermore, the revenue in the General Fund is not secure and, although the state budget is currently flush from oil and gas reserves, this will decrease over time
- We need to plan for a future in which we will need a relatively stable source of funding for prevention, recovery, treatment and other programs addressing the harms of alcohol misuse

Summary and Next Steps

We have an historic opportunity to mitigate the harms and health disparities from excessive alcohol consumption in New Mexico and build a healthier and more equitable tomorrow.

We hope to find consensus to pass this critical legislation; our state's future depends on it.

Thank you!

