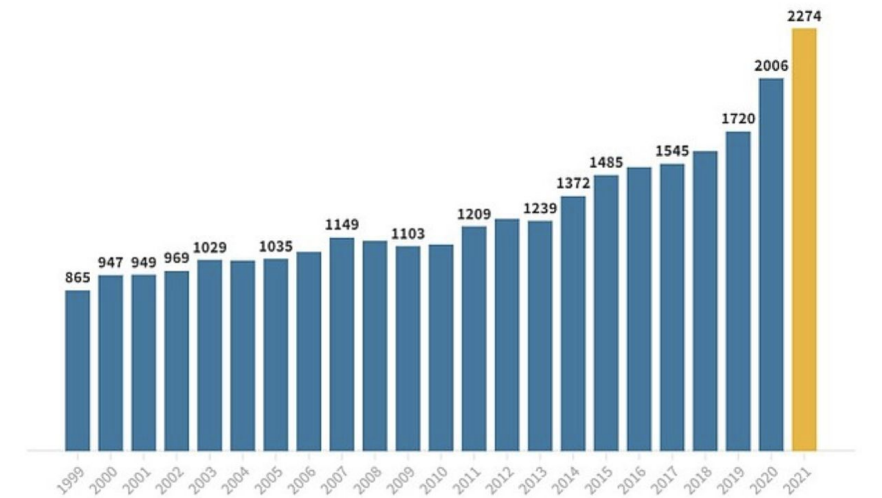
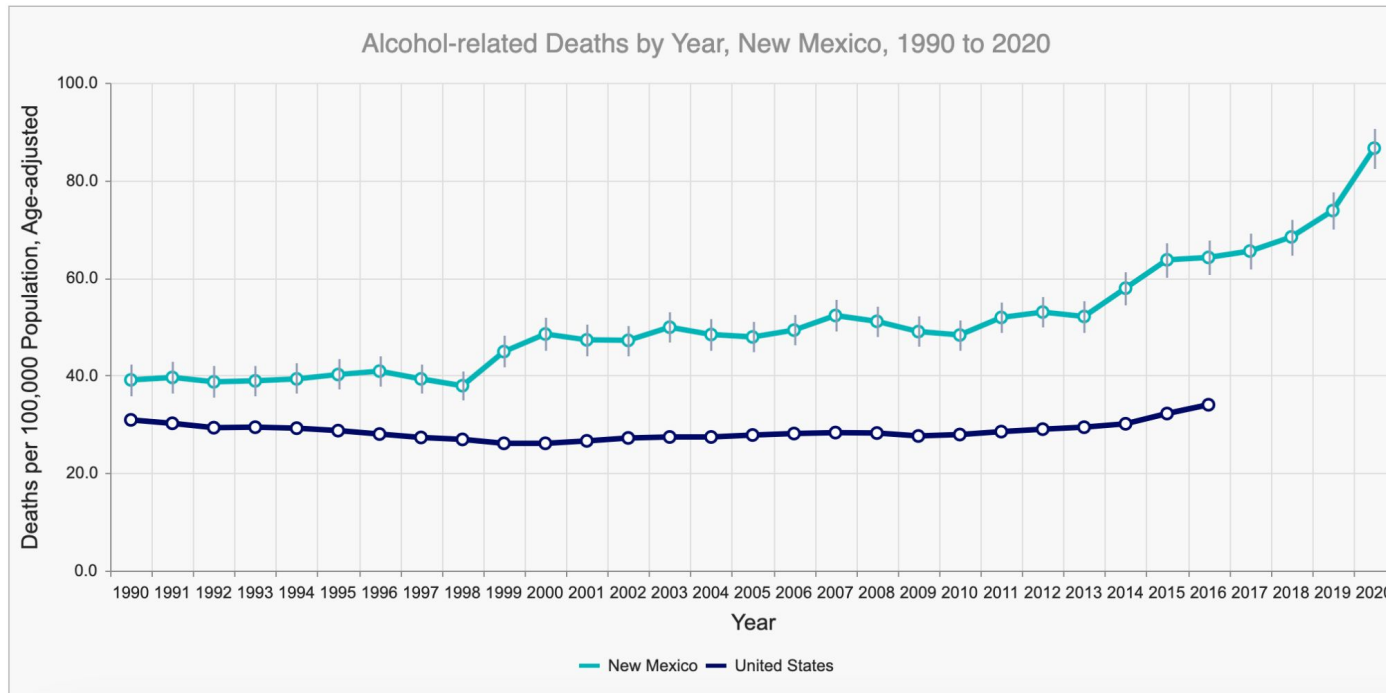


Raising the Liquor Excise Tax for Alcohol Harms Alleviation (AHA)

Sen. Antoinette Sedillo Lopez
Rep. Joanne Ferrary
Sindy Bolaños-Sacomán, MPH
Shelley Mann-Lev, MPH
Marlene C. Lira, MPH



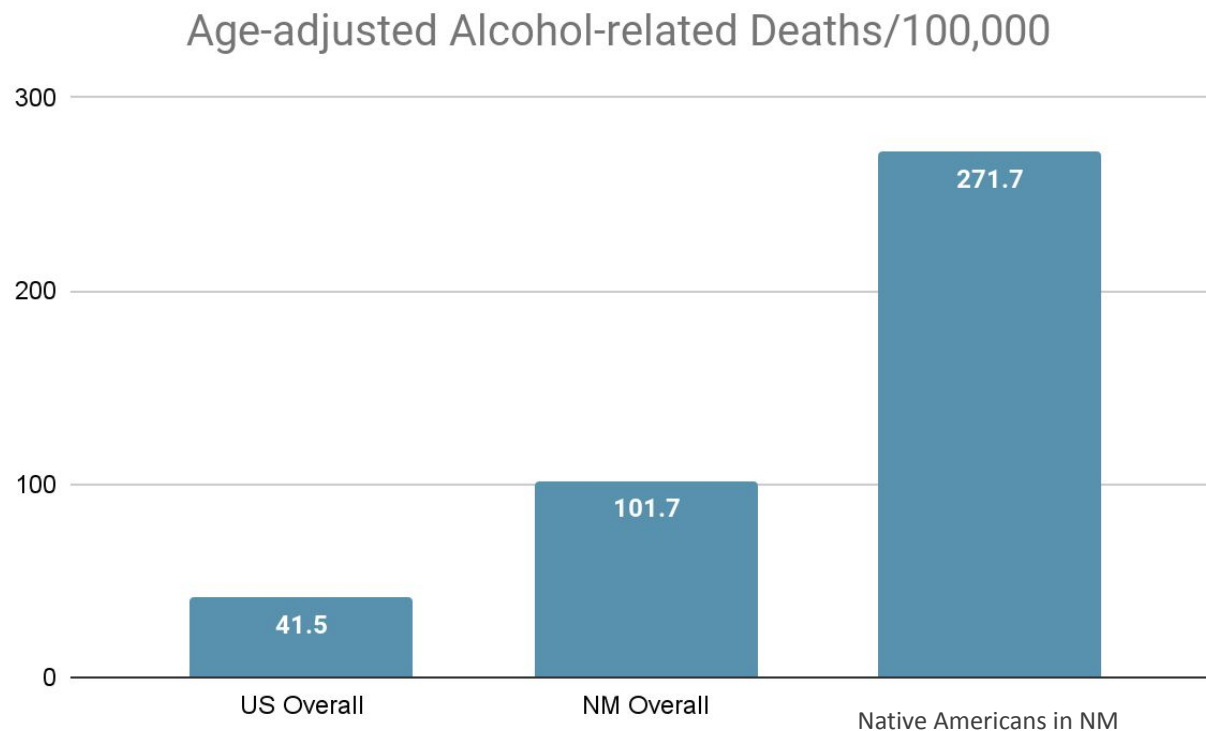
NM: Highest U.S. alcohol-related death rate since '97 and all-time high in 2021



Source: New Mexico Department of Health **New Mexico In Depth**



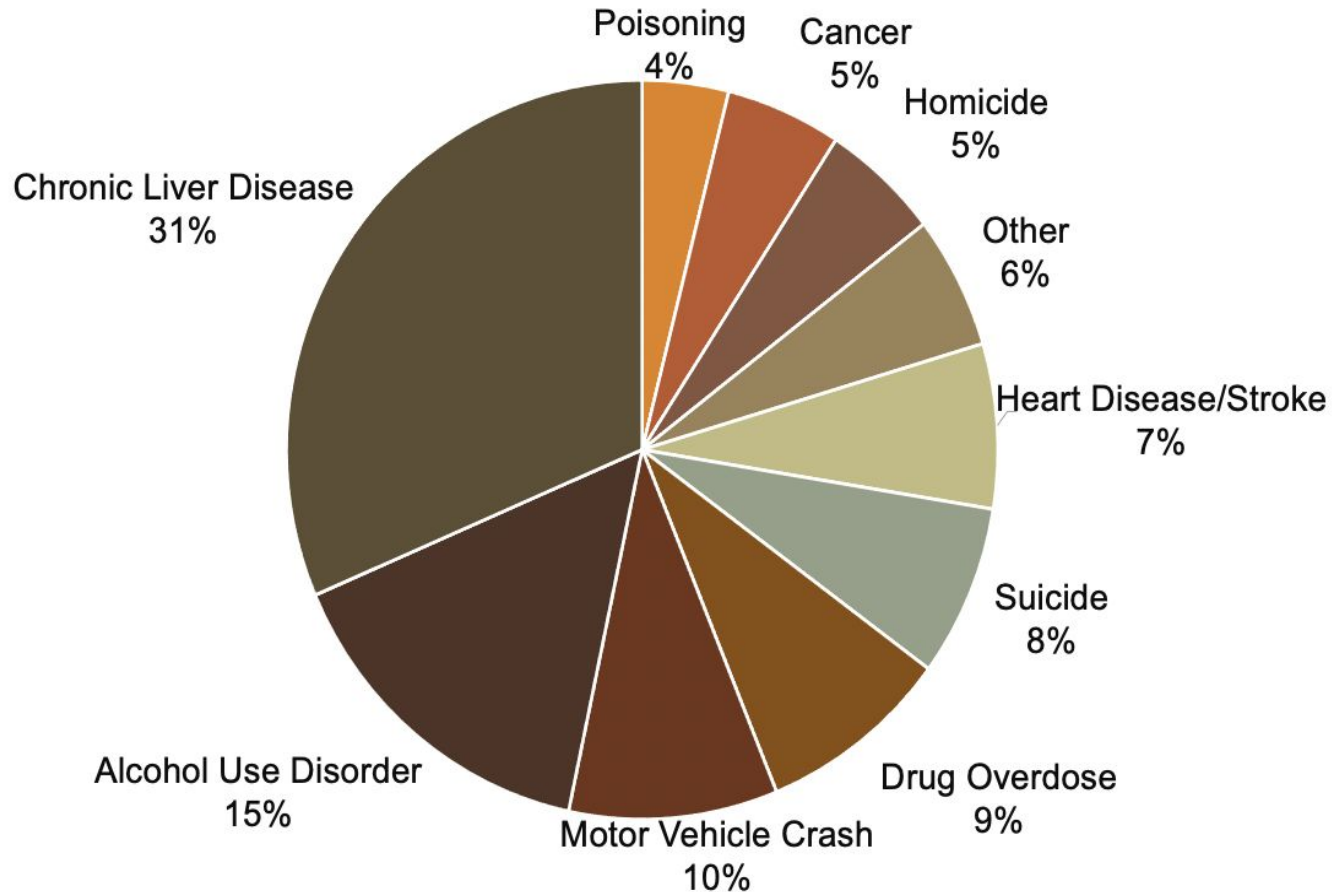
Alcohol is Deeply Harming our Tribal Communities



Although NM experiences the highest rate of alcohol-related death among US states, Native Americans suffer from alcohol-related deaths at almost triple the rate of the state overall (2021)



Not Just Cirrhosis and Car Crashes



EXCESSIVE ALCOHOL USE IS ASSOCIATED WITH:

- Cancer
- Heart disease
- Alcohol use disorder
- Anxiety and depression
- Learning and memory problems
- Liver disease
- Digestive problems
- Violence
- Motor vehicle crashes and other injuries
- Death

Alcohol Use Disorder is Not the Only Problem

- In New Mexico in 2020:
 - 14.5% of adults reported binge drinking in the past 30 days
 - 6.0% of adults reported heavy drinking in the past 30 days
 - 28.6% of high school students reported that they were current drinkers
 - 4.5% of pregnant people drank during last 3 months of pregnancy



NMDOH Recommendations (2023)

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 Force <https://www.uspreventiveservicestaskforce.org>



Economic Cost of Excessive Alcohol Consumption

- Calculated based on alcohol-related healthcare costs, lost productivity, and other costs (fires, criminal justice, property damage, etc.)
- **In 2010**, excessive alcohol consumption cost **New Mexico \$2.2 billion**; adjusting only for inflation, cost is estimated at **\$3.1 billion in 2023**
- In 2010, this amounted to \$2.77 per drink or \$1,084/person. An estimated 40% of these costs are paid directly by taxpayers (\$3.93 adjusting for inflation)
- In contrast, New Mexico's alcohol excise taxes per drink are:
 - Spirits and wine: about 7 cents/drink
 - Beer: 4 cents/drink
 - New Mexico-made alcohol products: ½ to 1 cent/drink



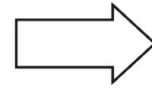
Alcohol Excise Taxes: An Overview

- Alcohol excise taxes imposed upon the producer/manufacturer and passed to consumers
- Alcohol excise tax is different from sales tax, which is imposed upon consumer sales
- 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: a 1% increase in price leads to a 0.77% decrease in consumption
 - Alcohol dependence and mortality from cirrhosis
 - Motor vehicle crashes and fatalities
 - Sexually transmitted infections
 - Violence
 - All-cause mortality



What is a Taxable Unit of Alcohol in New Mexico?

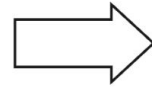
1 Gallon of Beer



x 11

About 11 Beers

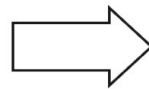
1 Liter of Wine



x 7

About 7 Glasses of Wine

1 Liter of Distilled Spirits



x 23

About 23 Shots

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https://www.amazon.com/Nalgene-Sustain-BPA-Free-Material-Derived/dp/B08XY3MVRP/ref=sr_1_13_sspa?crid=3DTPF2096062&keywords=1%2Bliter%2Bwater%2Bbottles&qid=1697393237&s=sporting-goods&srefix=1%2Bliter%2Bw%2Csporting%2C143&sr=1-13-spons&sp_csd=d2lkZ2V0TmF1ZT1zcF9tdGY&th=1

NM Alcohol Excise Taxes

Last Increase in 1993 (no inflation adjustment)

Category	Current NM tax rate (1993)	Range for U.S. States	Tax per drink (approximate)	Proposal: Add .25/drink New Rate	Proposal: Add .25/drink to tax
Spirituous liquors	\$1.60 per liter	\$0.53-\$9.66 per liter	\$.07	\$7.24/liter	\$0.32
Beer, cider, premixed drinks, hard seltzer, wine coolers	\$0.41 per gallon	\$0.02-\$1.29 per gallon	\$.04	\$3.08/gallon	\$0.29
Wine	\$0.45 per liter	\$0.05-\$0.95 per liter	\$.07	\$2.14/liter	\$0.32
Fortified wine	\$1.50 per liter		\$0.13	\$3.92/liter	\$0.38
Microbrews	\$.08 per gallon		\$.0056		No Change
Wine (small winegrower)	\$0.10 on 1 st 80K liters, \$.20 on liters >80K and <950K		\$0.10 on 1 st 80K liters, \$.20 on liters >80K and <950K		No Change

NM Alcohol Excise Tax Increase: MORE REVENUE (*and less consumption*)

Scenario	Tax Per Standard Drink			Expected Change in Consumption			Expected Tax Revenue	
	Beer	Wine	Liquor	Beer	Wine	Liquor	Increase	Total
<u>1. Current Tax Rates</u>	\$0.04	\$0.07	\$0.07	0%	0%	0%	0	\$50,858,758
2. \$0.15 increase/std drink	\$0.19	\$0.22	\$0.22	-7%	-3%	-6%	\$142,098,764	\$192,957,522
3. 400% Increase (i.e., 5x the current rate)	\$0.19	\$0.33	\$0.36	-7%	-5%	-11%	\$181,927,447	\$232,786,205
4. \$0.25 increase/std drink	\$0.29	\$0.32	\$0.32	-12%	-5%	-10%	\$199,141,242 to \$225,615,485	\$250,000,000 to \$276,474,243
5. \$0.50 / std drink	\$0.50	\$0.50	\$0.50	-22%	-8%	-17%	\$365,326,868	\$416,185,626

With an increase of \$0.25/standard drink,
NM would receive \$250-\$275 million in annual revenue!



Annual Impact of the Tax Increase on Individuals by Income Level

Annual Increase in Spending by Income Level

	Proposed Excise Tax Increase / Standard Drink	Annual Increase in Spending by Income Level			
		<\$25,000	\$25,000-49,999	\$50,000-74,999	>\$75,000
Non-excessive drinkers	\$0.25	\$8.09	\$9.14	\$9.75	\$11.52
Excessive drinkers	\$0.25	\$54.04	\$47.68	\$50.76	\$62.72

Greatest increases in alcohol costs are seen among heaviest consumers.

Alcohol tax revenues go into government services. Persons with lower incomes are more likely to use government services than wealthier individuals and households.

What can NM do with \$250-275 million? NM Alcohol Harms Alleviation (AHA) Fund

- Continued funding of programs in current statute: LDWI Program, Drug Courts, and Farmington program
- Alcohol prevention, treatment and recovery services
- Behavioral health treatment
- Culturally relevant prevention, treatment and reduction of alcohol-related harms for Indian nations, tribes & pueblos (as recommended by tribes to meet their needs)
- Addressing social determinants of health related to alcohol misuse (such as transportation, housing assistance, etc.)
- Support for victims of alcohol-related crimes, including domestic violence and sexual assault