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F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 1/31/19
SPONSOR Montoya **LAST UPDATED** **HB** 271

SHORT TITLE Liquor License Dispenser's Licenses

ANALYST Daly

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	**FY20**	**FY21**		
Up to $139.1	Up to $139.1	Up to $139.1	Recurring	General Fund
Unknown	Unknown	Unknown	Recurring	Local Government Funds

(Parenthesis ( ) Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Minimal	Minimal	Minimal	Minimal	Recurring	RLD Operating Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 79

SOURCES OF INFORMATION
LFC Files

Responses Received From

Regulation & Licensing Department (RLD)
Department of Finance & Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 271 creates a new "municipal dispenser's license". The license may be issued to a municipality that is located in a local option district. One license may be issued for each 10 thousand inhabitants within each district, and can be used only for purpose of leasing to a qualified lessee; it cannot be transferred and does not expire. The lessee must be a qualified lessee who meets the qualifications for a dispenser's license under the Liquor Control Act, and who is subject to all the provisions of the Liquor Control Act including the duty to pay annual renewal fees. A lessee has no property interest in the license. The municipality is not liable for any violations, fees or taxes incurred by the lessee. If the license is revoked for violations of the Liquor Control Act, the license reverts to the municipality. The municipality may cancel the lease if the lessee fails to fulfill the requirements of the lease. The municipality is required to use to proceeds from the lease of the license to support economic development

FISCAL IMPLICATIONS

RLD reports that it does not know how many municipalities would take advantage of the new opportunity provided by this new type of license. According to the 2010 census, there are 20 municipalities whose population would qualify them to request municipal licenses (for a total of 107 new licenses), including the cities of Albuquerque (54 licenses), Las Cruces (9 licenses), Santa Fe (6 licenses) and Rio Rancho (8 licenses). Each license is subject to an annual renewal fee of $1,300. The numbers in the Revenue Table above reflect the amount that may be generated by those fees, based on RLD's projection. Additionally, the creation of this new type of license which a municipality may lease likewise creates a new revenue source for local governments: lease proceeds, the amount of which, as reflected in the Revenue Table, is unknown.

Further, RLD advises there will be administrative costs associated with processing the newly created licenses, which LFC staff estimates as minimal.

SIGNIFICANT ISSUES

Section 2(C)(2) of this bill provides that the new license being created does not expire. This provision appears to conflict with other existing provisions in the Liquor Control Act cited by RLD, which declare that all licenses issued under that Act expire annually and need to be renewed, including governmental licenses. See Sections 60-6B-5 and 60-6A-10, NMSA 1978.

Additionally, RLD notes that unlike the law governing governmental licenses, HB 271 does not require that this new license be used for municipal purposes, but only to support economic development in the municipality. In contrast, existing law limits governmental licenses to "governmental facilities". See 60-6A-10. Thus, this new license could be used for non-governmental activities such as a bar or grocery or convenience store, which RLD suggests might significantly decrease the value of existing dispenser licenses. Further, the majority of new licenses authorized under this bill would be in population centers of the state where there already are a significant number of liquor licenses. Similarly, DFA notes that the limit on the number of governmental licenses that can be issued would not apply to this new type of license. See Section 60-6A-18, NMSA 1978.

RELATIONSHIP

This bill is identical to SB 79 except that SB 79 requires a population of 20 thousand per license, while this bill sets a lower threshold of 10 thousand inhabitants.

OTHER SUBSTANTIVE ISSUES

RLD notes that while Section 2(E) requires the proceeds of leasing a municipal dispenser's license be used to support economic development in its jurisdiction, it does not require compliance with or otherwise reference the provisions of the Business Improvement Act. See Sections 3-16-1, et seq, NMSA 1978.

MD/gb