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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/19

SPONSOR Griggs LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Liquor Dispenser License Transfers SB 19

ANALYST Hawker

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	Minimal but indeterminate					

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Regulation & Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 19 amends Section 60-6B-12 NMSA 1978 to allow the holder of a full dispenser license to choose which privilege the liquor license would retain if the license is transferred from one local option district to another.

### FISCAL IMPLICATIONS

RLD will need to revise their application forms. Fiscal impact will be minimal.

### SIGNIFICANT ISSUES

In Section 60-3A-3.I, NMSA 1978 a “dispenser” means a person licensed under the provisions of the Liquor Control Act selling, offering for sale or having in the person's possession with the intent to sell alcoholic beverages both by the drink for consumption on the licensed premises and in unbroken packages, including growlers, for consumption and not for resale off the licensed premises.

Currently if the holder of a full dispenser license transfers that license outside of its local option

district, the new licensee is only entitled to sell, serve, or permit the consumption of alcoholic beverages by the drink, the package privilege is lost. SB19 would allow the license holder to choose either the package privilege or the by the drink privilege at the time the application is submitted. Once chosen, the selection cannot be changed.

DOH reports:

New Mexico has the highest alcohol-related death rate in the nation ([CDC](#)). In 2017, 1,461 people died of alcohol-related causes in New Mexico, which amounts to nearly four people dying of alcohol-related causes every day (New Mexico Department of Health, Vital Records, 2017 Death Data & CDC ARDI ([NCCD.CDC](#))). The cost of excessive alcohol in New Mexico was estimated to be \$2.2 billion in 2010 ([AJP online](#) ). These costs included law enforcement, hospitalizations, treatment, etc. and it is estimated that 40.9% of these costs in New Mexico are paid for by government.

The current law allows transferred licenses to be used only to sell, serve or permit the consumption of alcoholic beverages by the drink on the licensed premises. SB19 would reduce limitations on the transfer of dispenser's licenses across the state. The exact effect of passing this bill is hard to determine. It may lead to increased access to alcohol through an increase in outlet density. In a study in Camden, New Jersey, neighborhoods with high alcohol outlet density had more violent crime (including homicide, rape, assault, and robbery). This association was strong even when other neighborhood characteristics such as poverty and age of residents were considered ([Journal on Studies of Alcohol and Drugs](#) ). In a six-year study of the changes in the number of alcohol outlets in 551 urban and rural zip code areas in California, an increase in the number of bars and off-premise places (e.g., liquor, convenience and grocery stores) was related to an increase in the rate of violence. These effects were largest in poor, minority areas of the state; those areas already saturated with the greatest numbers of outlets ([Alcoholism: Clinical and Experimental Research](#)). The regulation of alcohol outlet density may be a useful public health tool for the reduction of excessive alcohol consumption and related harms ([American Journal of Preventative Medicine](#) ).

## **PERFORMANCE IMPLICATIONS**

DOH reports that this bill relates to Result 1 of its strategic plan, which is improved health for New Mexicans.

## **OTHER SUBSTANTIVE ISSUES**

RLD states license owners who had previously lost the package privilege may object as the package piece is in high demand at this time, causing a disparity in the market price for licenses that will now be allowed to retain package. The market value for existing dispenser licenses that currently retain package sales privileges in high-demand local option districts will likely decrease significantly because the supply of potential package sales in such districts will increase.

DOH observes the effect of passing SB19 is hard to determine, however, it might lead to increased access to alcohol through an increase in outlet density.

VKH/sb