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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Dow/Hernandez, J. **ORIGINAL DATE** 3/3/2025

BILL

SHORT TITLE Liquor License Transfer Criteria **NUMBER** House Bill 478

ANALYST Montano

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD/ABC	No fiscal impact	\$40.0	No fiscal impact	\$40.0	Nonrecurring	Liquor Control Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bill(s) 498 and Senate Bill(s) 466

Sources of Information

LFC Files

Agency Analysis Received From
 Regulation and Licensing Department (RLD)
 Department of Public Safety (DPS)

Agency Analysis was Solicited but Not Received From
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of House Bill 478

House Bill 478 (HB478) revises the Liquor Control Act by modifying the criteria for transferring certain liquor licenses across local option districts and counties. The bill allows dispenser’s and retailer’s licenses originally issued before July 1, 1981, to be transferred anywhere within the state, with exceptions for certain class B counties and municipalities that have opted to prohibit such transfers. The legislation removes previous restrictions that prevented the transfer of licenses between local option districts based on voter referendums and instead requires only the approval of the local governing body for such transfers.

Additionally, HB478 establishes that licenses transferred outside their original local option district may only permit the sale of alcohol by the drink, except when transferred to districts that have not exceeded their maximum license limits as outlined in the Liquor Control Act. In such cases, licensees may sell both by the drink and in sealed packages for off-premises consumption, including locally produced growlers. The bill also updates provisions for rural dispenser’s, retailer’s, and club licenses, allowing them to be transferred to any eligible local option district within counties that have not reached their maximum number of licenses.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Regulation and Licensing Department (RLD) projects that the enactment of HB478 would incur \$40 thousand in one-time, non-recurring operating costs for the update and implementation of the required changes to RLD's NM plus licensing system. This \$40 thousand will be used to cover costs for software developers to make the required changes to four different license application types.

SIGNIFICANT ISSUES

The Department of Public Safety notes:

By removing municipal or county authority to prohibit liquor license transfers through local elections, the bill may lead to liquor licenses being transferred to areas where they may not be appropriate. Local communities often have unique needs and preferences regarding alcohol availability, and this change could override local control, potentially allowing liquor licenses in areas where they might contribute to public safety concerns or community opposition. Municipalities and counties often regulate liquor licenses to address specific public health and safety concerns in their regions. Removing local authority to prevent the transfer of liquor licenses could undermine their ability to protect the health and safety of their residents, particularly in areas that may already have issues with alcohol-related crime or disorderly conduct.

Liquor establishments often require additional law enforcement resources to ensure that they comply with regulations and maintain public order. If liquor licenses are transferred to areas without regard for the capacity of local authorities to manage them, law enforcement agencies could face an increased burden, potentially diverting resources from other public safety needs in the community. In areas with limited oversight due to the reduction of local control, there is a concern that this could open the door for increased illegal activities, such as underage drinking or unlicensed alcohol sales. With fewer checks and balances, law enforcement may find it harder to effectively monitor and control alcohol distribution in certain regions.

PERFORMANCE IMPLICATIONS

RLD expects that existing staff will be able to handle the new requirement of HB478 and expects there to be no issues in maintaining performance.

ADMINISTRATIVE IMPLICATIONS

RLD staff will need approximately 2-3 months to implement changes in NM Plus licensing system as developers will need to make changes to at least four applications identified by licensing staff.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

RLD said:

HB498 also amends Section 60-6B-12 of the Liquor Control Act in the same manner as HB478 without removing the local governing body's ability to petition for an election to approve or disapprove statewide transfers of liquor licenses into that LOD within one hundred eighty (180) days of the effective date of the Act. SB466 also proposes changes to the current Liquor Control Act

NM/r/SL2