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FISCAL IMPACT REPORT

SPONSOR: Taylor, J.G. DATE TYPED: 02/14/01 HB 474
 SHORT TITLE: "Dispenser" Defined SB _____
 ANALYST: Valdes

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Alcohol and Gaming Division, Regulation Department
 Taxation and Revenue Department

SUMMARY

Synopsis of Bill

House Bill 474 proposes to amend the definition of "dispenser" in the Liquor Control Act. Current law prohibits dispensers from resale of alcoholic beverages off the licensed premises. This bill would delete this prohibition and allows dispensers to resell liquor off the licensed premises.

Significant Issues

The present Liquor Control Act in New Mexico mandates a three-tier system for sale of alcoholic beverages. Manufactures must sell to wholesalers. Wholesaler must sell to dispensers. Dispensers, also known as retailers, sell to the public. This bill amends the three-tier system by allowing dispensers to buy in bulk and bypass wholesalers. Dispensers could warehouse and resell to other dispensers. Business activity of wholesalers would be negatively impacted.

By buying in bulk, dispensers could obtain better wholesale pricing of alcohol product. Dispensers could lower pricing to consumers and improve profit margins. This bill would benefit larger chain operations and multi-liquor store operators while negatively impacting individual liquor store operators.

Consumers purchasing alcoholic beverages from larger operations that buy in bulk would benefit by paying lower prices.

Present liquor laws mandate accountability by requiring wholesalers to maintain official records of all invoices for sales to dispensers. Dispensers must also maintain invoices for all purchases from wholesalers. These records must be kept on the premises at all times for audit and inspection purposes. This bill could impact existing accountability in the system without a mechanism for tracking these sales.

PERFORMANCE IMPLICATIONS

No impact.

FISCAL IMPLICATIONS

Because this bill would allow larger retail operators to sell liquor at discounted prices, gross receipts taxes collected on liquor sales would be reduced. It is not known at this time the level of impact on gross receipt tax collections on the sale of liquor.

ADMINISTRATIVE IMPLICATIONS

No impact.

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