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SENATE BILL 349

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Leonard Tsosie

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AN ACT

FOR THE INDIAN AFFAIRS COMMITTEE

RELATING TO ALCOHOLIC BEVERAGES; CHANGING THE PROCEDURES AND AUTHORITY FOR APPROVAL OF NEW LIQUOR LICENSES AND TRANSFER OF EXISTING LICENSES; AMENDING AND ENACTING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 60-6B-2 NMSA 1978 (being Laws 1981, Chapter 39, Section 38, as amended) is amended to read:

"60-6B-2. APPLICATIONS.--

Before a new license authorized by the Liquor Control Act may be issued by the director, the applicant for the license shall:

(1) submit to the director a written application for the license under oath, in the form prescribed by and stating the information required by the director,

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together with a nonrefundable application fee of two hundred dollars (\$200);

- (2) submit to the director for [his] approval a description, including floor plans, in a form prescribed by the director, that shows the proposed licensed premises for which the license application is submitted. The area represented by the approved description shall become the licensed premises;
- if the applicant is a corporation, be required to submit as part of its application the following:
- (a) a certified copy of its articles of incorporation or, if a foreign corporation, a certified copy of its certificate of authority;
- (b) the names and addresses of all officers and directors and those stockholders owning ten percent or more of the voting stock of the corporation and the amounts of stock held by each stockholder; provided, however, a corporation may not be licensed if an officer, manager, director or holder of more than ten percent of the stock would not be eligible to hold a license pursuant to the Liquor Control Act [except that]. The provision of Subsection D of Section 60-6B-1 NMSA 1978 shall not apply if the stock is listed with a national securities exchange;
- (c) the name of the resident agent of the corporation authorized to accept service of process for all .149082.2

purposes, including orders and notices of the director, which agent shall be approved by the director [with respect to his character]:

(d) a duly executed power of attorney authorizing the agent described in Subparagraph (c) of this paragraph to exercise full authority, control and responsibility for the conduct of [all] business and transactions of the corporation within the state relative to the sale of alcoholic beverages under authority of the license requested; and

(e) [such] additional information regarding the corporation as the director may require to assure full disclosure of the corporation's structure and financial responsibility;

- (4) if the applicant is a limited partnership, submit as part of its application the following:
- (a) a certified copy of its certificate of limited partnership;
- (b) the names and addresses of [all]

 each general [partners] partner and of [all] each limited

 [partners] partner contributing ten percent or more of the

 total value of contributions made to the limited partnership or

 entitled to ten percent or more of the profits earned or other

 income paid by the limited partnership. A limited partnership

 shall not receive a license if [any] each partner designated in

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this subsection would not be eligible to hold a license issued pursuant to the Liquor Control Act; and

- [such] additional information (c) regarding the limited partnership as the director may require to assure full disclosure of the limited partnership's structure and financial responsibility; and
- obtain approval for the issuance from the (5) governing body of the local option district in which the proposed licensed premises are to be located in accordance with the provisions of the Liquor Control Act.
- [Every] An applicant for a new license [or for a transfer of ownership of a license], if an individual or general partnership, shall file with the application two complete sets of fingerprints of each individual, taken under the supervision of and certified to by an officer of the New Mexico state police, a county sheriff or a municipal chief of police. If the applicant is a corporation, it shall file two complete sets of fingerprints [for] of each stockholder holding ten percent or more of the outstanding stock and of the principal officer, director and [the] agent responsible for the operation of the licensed business. The fingerprints shall be taken and certified to as provided for an individual or partnership. If the applicant is a limited partnership, it shall file two complete sets of fingerprints [for] of each general partner and [for] of each limited partner contributing .149082.2

ten percent or more of the total value of contributions made to
the limited partnership or entitled to ten percent or more of
the profits earned or other compensation by way of income paid
by the limited partnership. The fingerprints shall be taken
and certified to as provided for an individual or partnership.

C. Upon submission of a sworn affidavit from each
person who is required to file fingerprints stating that the

- person who is required to file fingerprints stating that the person has not been convicted of a felony in any jurisdiction and pending the results of background investigations, a temporary license for ninety days may be issued. The temporary license may be extended by the director for an additional ninety days if the director determines there is not sufficient time to complete the background investigation or obtain reviews of fingerprints from appropriate agencies. A temporary license shall be surrendered immediately upon order of the director.
- D. An applicant who files a false affidavit shall be denied a license. When the director determines a false affidavit has been filed, [he] the director shall refer the matter to the attorney general or district attorney for prosecution of perjury.
- E. If an applicant is not a resident of New Mexico, fingerprints may be taken under supervision and certification of comparable officers in the state of residence of the applicant.

[F. Before issuing a license, the department shall .149082.2

hold a public hearing within thirty days after receipt of the application pursuant to Subsection K of this section.

G. An application for transfer of ownership shall be filed with the department no later than thirty days after the date a person acquired an ownership interest in a license. It shall contain the actual date of sale of the license and shall be accompanied by a sworn affidavit from the owner of record of the license agreeing to the sale of the license to the applicant as well as attesting to the accuracy of the information required by this section to be filed with the department. A license shall not be transferred unless it will be placed into operation in an actual location within one hundred twenty days of issuance of the license, unless for good cause shown the director grants an additional extension for a length of time determined by the director.

H.] F. Whenever [it appears to] the director determines that there will be more applications for new licenses than the available number of new licenses [during any time period], a random selection method for the qualification, approval and issuance of new licenses shall be provided by the director. The random selection method shall allow each applicant an equal opportunity to obtain an available license, provided that all dispenser's and retailer's licenses issued in [any] a calendar year shall be issued to residents of the state. For the purposes of random selection, the director .149082.2

shall also set a reasonable deadline by which applications for the available licenses shall be filed. A person shall not file more than one application for each available license and no more than three applications per calendar year.

[H-] G. After the deadline set in accordance with Subsection [H] F of this section, no more than ten applications per available license shall be selected at random for priority of qualification and approval. Within thirty days after the random selection for the ten priority positions for each license, a hearing [pursuant to Subsection K of this section] shall be held to determine the qualifications of the applicant having the highest priority for each available license. If necessary, [such] a hearing shall be held on each selected application by priority until a qualified applicant for each available license is approved. Further random selections for priority positions shall also be held pursuant to this section as necessary.

 $[J_{ullet}]$ H. All applications submitted for a license shall expire upon the director's final approval of a qualified applicant for that available license.

[K. The director shall notify the applicant by certified mail of the date, time and place of the hearing. The hearing shall be held in Santa Fe. The director may designate a hearing officer to take evidence at the hearing. The director or the hearing officer shall have the power to .149082.2

administer oaths.

issued, the director shall take into consideration all requirements of the Liquor Control Act. In the issuance of a license, the director shall specifically consider the nature and number of prior violations of the Liquor Control Act by the applicant or of any citations issued within the prior five years against a license held by the applicant or in which the applicant had an ownership interest required to be disclosed under the Liquor Control Act. The director shall disapprove the issuance or give preliminary approval of the issuance of the license based upon a review of all documentation submitted and any investigation deemed necessary by the director.

M. Before a new license is issued for a location, the director shall cause a notice of the application therefor to be posted conspicuously, on a sign not smaller than thirty inches by forty inches, on the outside of the front wall or front entrance of the immediate premises for which the license is sought or, if no building or improvements exist on the premises, the notice shall be posted at the front entrance of the immediate premises for which the license is sought, on a billboard not smaller than five feet by five feet. The contents of the notice shall be in the form prescribed by the department, and such posting shall be over a continuous period of twenty days prior to preliminary approval of the license.

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N a	. A	license	shall	not be	issued	until	the	posting
requirements	of	Subsection	on M of	E this	section	have 1	seen	met.

- O. All costs of publication and posting shall be paid by the applicant.
- P. It is unlawful for a person to remove or deface a notice posted in accordance with this section. A person convicted of a violation of this subsection shall be punished by a fine of not more than three hundred dollars (\$300) or by imprisonment in the county jail for not more than one hundred twenty days or by both.]
- I. The director shall investigate the applicant's records to determine the nature and number of prior violations of the Liquor Control Act by the applicant and the nature and number of citations issued within the previous five years against a license held by the applicant or in which the applicant had an ownership interest required to be disclosed pursuant to the Liquor Control Act.
- J. A license shall not be issued until the

 applicant meets all the requirements of the Liquor Control Act.

 The director shall establish a process for verification and clarification of the information submitted by the applicant.
- K. The director shall forward to the local governing body where the license is located:
- (1) a certification that the application is complete along with the information necessary to identify the .149082.2

applicant and the location of the license; and

(2) a request that the local governing body consider the application for approval.

[Q+] L. A person aggrieved by a decision made by the director as to the approval or disapproval of the issuance of a license may appeal to the district court pursuant to the provisions of Section 39-3-1.1 NMSA 1978. If the disapproval is based upon local option district disapproval pursuant to Subsection [H] I of Section 60-6B-4 NMSA 1978, the local option district shall be a necessary party to [any] the appeal. The decision of the director shall continue in force, pending a reversal or modification by the district court, unless otherwise ordered by the court."

Section 2. A new section of the Liquor Control Act, Section 60-6B-2.1 NMSA 1978, is enacted to read:

"60-6B-2.1. [NEW MATERIAL] APPLICATIONS FOR TRANSFER OF OWNERSHIP.--

A. An application for transfer of ownership shall be filed with the director no later than thirty days after the date a person acquired an ownership interest in a license. It shall contain the actual date of sale of the license and shall be accompanied by a sworn affidavit from the owner of record of the license agreeing to the sale of the license to the applicant as well as attesting to the accuracy of the information required by this section to be filed with the .149082.2

director. Applications for transfer of ownership shall include all the information required by Section 60-6B-2 NMSA 1978.

- B. A license shall not be transferred unless:
- (1) it will be placed into operation in an actual location within one hundred twenty days of issuance of the license; or
- (2) upon a showing of good cause, the director grants an additional extension for a length of time determined by the director.
- that all wholesalers who are creditors of the licensee have been paid or that satisfactory arrangements have been made between the licensee and the wholesaler for the payment of debts. Such debts shall constitute a lien on the license, and the lien shall be deemed to have arisen on the date the debt was originally incurred. An application for transfer of ownership is not complete until the director certifies that the requirements of this section have been met.
- D. Upon receipt of an application for transfer of ownership of a liquor license, the director shall investigate whether there are outstanding unresolved citations against the licensee for violations of the Liquor Control Act. An application for transfer of ownership is not complete until all outstanding citations against the licensee have been resolved and the director so certifies.

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- E. The application shall include a certification that gross receipts taxes due have been paid and that no tax liens against the license exist.
- F. A license shall not be transferred until the applicant meets all the requirements of the Liquor Control Act. The director shall establish a process for verification and clarification of the information submitted by the applicant.
- G. The director shall forward a certification that the application is complete, along with the information necessary to identify the applicant and the location of the license, to the local governing body where the license is located for approval consideration."
- Section 3. A new section of the Liquor Control Act, Section 60-6B-2.2 NMSA 1978, is enacted to read:
- "60-6B-2.2. [NEW MATERIAL] APPLICATIONS FOR TRANSFER OF LOCATION.--
- A. An application for transfer of an existing liquor license to a different location within the same local option district shall be filed with the director.
- B. The application shall include a certification that all wholesalers who are creditors of the licensee have been paid or that satisfactory arrangements have been made between the licensee and the wholesaler for the payment of debts. Such debts shall constitute a lien on the license, and the lien shall be deemed to have arisen on the date the debt .149082.2

was originally incurred. An application for the transfer of location is not complete until the director certifies that the requirements of this section have been met.

- C. Upon receipt of an application for transfer of location of a liquor license, the director shall investigate whether there are outstanding unresolved citations against the licensee for violations of the Liquor Control Act. An application for transfer of location is not complete until all outstanding citations against the licensee have been resolved and the director so certifies.
- D. The application shall include a certification that gross receipts taxes due have been paid and that no tax liens against the license exist.
- E. An existing license shall not be transferred to a different location unless the application meets all the requirements of the Liquor Control Act. The director shall establish a process for verification and clarification of the information submitted by the applicant.
- F. The director shall forward a certification that the application is complete, along with the information necessary to identify the applicant and the location of the license, to the local governing body where the license is located for approval consideration."

Section 4. Section 60-6B-4 NMSA 1978 (being Laws 1981, Chapter 39, Section 40) is amended to read:

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"60-6B-4. ISSUANCE OR TRANSFER OF LICENSE--APPROVAL OF APPROPRIATE GOVERNING BODY. --

Prior to the approval of the issuance of a new license, and prior to the approval of [any] a transfer permitted by Section [39 or 113 of the Liquor Control Act] 60-6B-2.1 or 60-6B-12 NMSA 1978, the director shall [notify the governing body of his preliminary approval of the issuance or transfer of the license. Notice] forward the certification of the application for issuance or transfer of the license to the governing body of the political subdivision where the license is located for approval consideration. The certification shall be forwarded to the governing body [shall be] by certified mail.

A governing body [which] that has received a [notice of preliminary approval of] certification of an application for the issuance or transfer of a license from the [department] director may approve or disapprove the issuance or transfer of the license in accordance with the provisions of this section.

[C. Within forty-five days after receipt of a notice of preliminary approval from the department, the governing body shall hold a public hearing on the question of whether the department should approve the proposed issuance or transfer.

C. Within twenty-one days of receipt of the .149082.2

certification, the local governing body shall cause a notice of the application to be posted conspicuously, on a sign not smaller than thirty inches by forty inches, on the outside of the front wall or front entrance of the immediate premises for which the license is sought or, if no building or improvements exist on the premises, the notice shall be posted at the front entrance of the immediate premises for which the license is sought, on a billboard not smaller than five feet by five feet. The contents of the notice shall be in the form prescribed by the director, and the posting shall be over a continuous period of twenty days prior to the public hearing on the question of approval of the issuance or transfer of the license.

- D. Within forty-five days after the receipt of a certification of an application for issuance or transfer of a liquor license, the local governing body shall hold a public hearing to consider whether to approve the proposed issuance or transfer.
- $[\frac{D_{\bullet}}]$ \underline{E}_{\bullet} Notice of the public hearing required by Subsection $[\frac{C}]$ \underline{D} of this section shall be given by the governing body by:
- (1) publishing a notice of the date, time and place of the hearing at least once a week for two consecutive weeks in a newspaper of general circulation within the territorial limits of the governing body. The notice shall set forth:

1	(a) the name and address of the
2	licensee;
3	(b) the action proposed to be taken by
4	the department;
5	(c) the location of the licensee's
6	premises; and
7	(d) such other information as may be
8	required by the department; and
9	(2) sending a notice by certified mail to the
10	applicant of the date, time and place of the public hearing.
11	F. All costs of publication and posting shall be
12	paid by the applicant.
13	G. It is unlawful for a person to remove or deface
14	a notice posted in accordance with this section. A person
15	convicted of a violation of this subsection shall be punished
16	by a fine of not more than three hundred dollars (\$300) or by
17	imprisonment in the county jail for not more than one hundred
18	twenty days, or both.
19	$[rac{H_{ullet}}{H_{ullet}}]$ The governing body may designate a hearing
20	officer to conduct the hearing. A record shall be made of the
21	hearing.
22	$[F_{ullet}]$ I. The governing body may disapprove the
23	issuance or transfer of the license if:
24	(1) the proposed location is within an area
25	where the sale of alcoholic beverages is prohibited by the laws
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of New Mexico;

- (2) the issuance or transfer would be in violation of a zoning or other ordinance of the governing body; or
- (3) the issuance or transfer would be detrimental to the public health, safety or morals of the residents of the local option district.
- J. Disapproval shall be supported by substantial evidence, but general health and safety concerns of the community as a whole, without considering the specific location where the license is proposed to be transferred, are sufficient to support a decision to disapprove issuance or transfer of the liquor license.
- [6.] K. Within thirty days after the public hearing, the governing body shall notify the [department as to] director whether the governing body has approved or disapproved the proposed issuance or transfer of the license. [If the governing body fails to either approve or disapprove the issuance or transfer of the license within thirty days after the public hearing, the director may give final approval to the issuance or transfer of the license.
- H. If the governing body disapproves the issuance or transfer of the license, it shall notify the department within the time required by Subsection G of this section setting forth the reasons for the disapproval. A copy of the .149082.2

minutes of the public hearing shall be submitted to the department by the governing body with the notice of disapproval. If the governing body disapproves of the issuance or transfer of the license, the director shall disapprove the issuance or transfer of the license.

I. If the governing body approves the issuance or transfer of the license, it shall notify the department within the time required by Subsection G of this section of its approval. If the governing body approves of the issuance or transfer of the license, the director shall approve the issuance or transfer of the license.]

L. Within fifteen days after receipt of the notice of the governing body's decision, the director shall issue the license if the governing body has:

- (1) approved issuance or transfer; or
- (2) neither approved nor disapproved issuance or transfer.

M. The director shall not issue the license if the governing body has disapproved issuance or transfer.

N. A person aggrieved by a decision made by the director as to the approval or disapproval of the issuance of a license may appeal to the district court pursuant to the provisions of Section 39-3-1.1 NMSA 1978. If the disapproval is based upon local option district disapproval pursuant to Subsection I of Section 60-6B-4 NMSA 1978, the local option .149082.2

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district shall be a necessary party to the appeal. The

decision of the director shall continue in force, pending a

reversal or modification by the district court, unless

otherwise ordered by the court."

Section 5. Section 60-6B-12 NMSA 1978 (being Laws 1981, Chapter 39, Section 113, as amended) is amended to read:

INTER-LOCAL OPTION DISTRICT TRANSFERS. --

[All] Dispenser's and retailer's licenses originally issued before July 1, 1981, except rural dispenser's and rural retailer's licenses and canopy licenses that were replaced by dispenser's licenses pursuant to Section 60-6B-16 NMSA 1978, may be transferred to any location within the state, except class B counties having a population of between fifty-six thousand and fifty-seven thousand according to the 1980 federal decennial census, the municipalities located within those class B counties and any municipality or county that prohibits by election the transfer of a license from another local option district, without regard to the limitations on the maximum or minimum number of licenses provided in Section 60-6A-18 NMSA 1978, not otherwise contrary to law subject to the approval of transferring locations of [such] liquor licenses of the governing body for that location and provided [all] the requirements of the Liquor Control Act and department regulations for the transfer of licenses are fulfilled and provided [further]:

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- (1) the transfer of location does not lower the number of dispenser's and retailer's licenses below that number allowed by law in the local option district from which a license will be transferred;
- (2) [beginning in calendar year 1997] no more than ten dispenser's or retailer's licenses shall be transferred to [any] \underline{a} local option district in [any] \underline{a} calendar year;
- (3) the dispenser's or retailer's licenses transferred under this section shall count in the computation of the limitation of the maximum number of licenses that may be issued in the future in [any] a local option district as provided in Section 60-6A-18 NMSA 1978 for the purpose of determining whether additional licenses may be issued in the local option district under the provisions of Subsection [E] K of Section [60-6B-2] [60-6B-4] NMSA 1978; and
- (4) the dispenser's or retailer's licenses shall be operated or leased by the person who transfers the license to the local option district for at least a period of one year from the date of the approval of the transfer by the [department] director.
- B. Transfers of location of each liquor license pursuant to Subsection A of this section shall become effective upon approval of the local governing body, unless within one hundred twenty days after the effective date of the Liquor .149082.2

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Control Act a petition requesting an election on the question of approval of statewide transfers of liquor licenses into that local option district is filed with the clerk of the local option district and the petition is signed by at least five percent of the number of registered voters of the district. The clerk of the district shall verify the petition signatures. If the petition is verified as containing the required number of signatures of registered voters, the governing body shall adopt a resolution calling an election on the question of approving or disapproving statewide transfers of liquor licenses into that district. Notice of [such] the election shall be published as provided in Section 3-8-35 NMSA 1978, and the election shall be held within sixty days after the date the petition is verified or it may be held in conjunction with a regular election of the governing body if [such] the election occurs within sixty days after the date of verification. If a majority of the registered voters of the district voting in [such] the election votes to approve statewide transfers of liquor licenses into the local option district, each license proposing to be transferred shall be subject to the approval of the governing body. If the voters of the district voting in the election vote against the approval, then all statewide transfers of liquor licenses pursuant to Subsection A of this section shall be prohibited in that district, unless a petition is filed requesting the question be again submitted to the .149082.2

voters as provided in this subsection. The question of approving or disapproving statewide transfers of liquor licenses into the local option district shall not be submitted again within two years from the date of the last election on the question.

- C. [Any] \underline{A} dispenser's license transferred pursuant to this section outside its local option district shall only entitle the licensee to sell, serve or permit the consumption of alcoholic beverages by the drink on the licensed premises.
- D. Rural dispenser's, rural retailer's and rural club licenses issued under [any] a former act may be transferred to any location, subject to the location restrictions [as to location] contained in the Liquor Control Act, within the unincorporated area of the county in which they are currently located; provided they shall not be transferred to [any] a location within ten miles of another licensed premises; and provided further that [all] requirements of the Liquor Control Act and department regulations for the transfer of licenses are fulfilled."

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