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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/07

SPONSOR Vigil LAST UPDATED \_\_\_\_\_ HB 986

SHORT TITLE Definition of Licensed Alcohol Premises SB \_\_\_\_\_

ANALYST C. Sanchez

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Attorney General's Office (AGO)

Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

House Bill 986 amends NMSA Section 60-3A-3 of the Liquor Control Act to exempt gasoline stations and other facilities where motor fuel or liquefied petroleum gases or compressed natural gases are sold for the generation of power in an internal combustion engine from the definition of "licensed premises".

The bill also provides that the holder of a "qualified license" formerly issued pursuant to the Liquor Control Act for a location that no longer meets the definition of licensed premises on and after July 1, 2007 may renew the license in an inactive status and the license shall not be subject to cancellation for failure to engage in business pursuant to Section 60-6B-7 NMSA 1978 until July 1, 2009, at which time the director may exercise the discretion provided to the director in Section 60-6B-7 NMSA 1978 to extend the inactive period for good cause shown. Those licenses, and any stock of alcoholic beverages held by the licensee, may be sold or otherwise transferred.

## **FISCAL IMPLICATIONS**

On its face, HB 986 does not have any fiscal implications. Licenses currently held at gas stations or locations where gas is sold, will be required to pay a \$200.00 fee to transfer the license or a \$250.00 fee to lease the license. When a license is placed into voluntary temporary suspension, the licensee is required to pay a \$20.00 fee.

## **SIGNIFICANT ISSUES**

The bill appears to be intended to prohibit the operation of a liquor license, and the attendant sale of alcoholic beverages, at fueling stations. NMSA Section 60-7A-4.1 provides that it is unlawful for any person to sell or attempt to sell alcoholic beverages at any place other than a licensed premises or as otherwise provided by the Liquor Control Act.

The bill provides for the renewal and transfer of licenses used at fueling stations after July 1, 2007 in spite of provisions in NMSA Section 60-6B-6 requiring cancellation of licenses held by businesses which have failed to operate continuously for 120 days.

## **ADMINISTRATIVE IMPLICATIONS**

The staff of the Alcohol and Gaming Division will be required to provide close scrutiny on licenses currently held at locations that sell gasoline.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB986 duplicates SB 191 which amends the Liquor Control Act as it related to the definitions of “club” and “licensed premises”.

HB986 relates to HB 754 which would prohibit the issuance of a retail liquor license within one-half mile of an interstate highway in NM and provide for transfer of existing liquor license.

## **OTHER SUBSTANTIVE ISSUES**

According to the Department of Health studies of restrictions on retail availability of alcohol have generally found that reduced retail availability results in lower alcohol consumption and associated problems. Local regulations to prevent underage drinking such as restricting or prohibiting concurrent sales of alcohol and gasoline have been enacted in other states. Other strategies, such as responsible beverage service practices, have been shown to decrease service to intoxicated patrons and underage persons in bars, restaurants, and off-license premises.

In New Mexico, there are no comprehensive data available on location of alcohol sales. However, according to a Metro Court study in 2005, 8% of persons arrested for DWI had obtained alcohol from a grocery or convenience store prior to their arrest.

In addition, 2.5% of high school students who were past 30-day drinkers usually got their alcohol by buying it in “a store such as a liquor store, convenience store, supermarket, discount store, or gas station” (NM Youth Risk and Resiliency Survey, 2005). The frequency of DWI was 47% among those who usually bought their alcohol at “stores”, compared to 50% who bought alcohol

at restaurants, 31% who bought alcohol at public events, and 21% who received it from a person 18 years or older.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The Liquor Control Act would not be amended to change the definitions of “licensed premises” and “club”.

CS/csd