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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/07

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Liquor License Inter-Local Option Transfers SB 1028

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

Regulation and Licensing Department (RLD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

Senate Bill 1028 amends several sections of the Liquor Control Act to:

1. Remove obsolete references to "canopy licenses", which have been replaced by "dispenser's licenses".
2. Amend NMSA Section 60-6B-12 to prohibit the transfer of liquor licenses issued before July 1, 1981 to McKinley and San Juan Counties;
3. Remove a provision making a transfer of a liquor license out of a local option district contingent upon the transfer not lowering the number of licenses allowed by law in the local option district the license is transferred from; and to
4. Remove a prohibition against selling packaged liquor by person holding a dispenser's license which has been transferred.

FISCAL IMPLICATIONS

SB 1028 removes the license fee for canopy licenses. The Liquor Control Act currently uses the designation "Canopy License" when referring to a specific classification of dispenser license. There are currently 87 canopy licenses. At a fee of \$1,300.00 per year, the total amount

impacted is \$113,100.00 per year. To avoid loss of revenue, the licenses currently designated as “Canopy Licenses” would need to be re-designated as either dispenser licenses or inter-local dispenser licenses. See Significant Issues for more detail.

SIGNIFICANT ISSUES

Current law contains several references to canopy licenses which are no longer issued or operated. This bill deletes those references from the Liquor Control Act.

The current prohibition in state law against transferring certain liquor licenses into McKinley and San Juan counties refers to those counties using outdated census population numbers. This bill updates the reference to those counties using the 2000 census figures. However, the bill does not refer to those counties by name.

NMSA 60-6B-12A(1) currently prohibits the transfer of certain liquor licenses from a local option district if that transfer would reduce the number of dispenser’s and retailer’s licenses below “quota”, which is the number of licenses allowed by law, based upon population. See NMSA 60-6A-18.

PERFORMANCE IMPLICATIONS

Alcohol and Gaming Division staff would need to monitor applications for inter-local option districts to prevent transfers into the prohibited counties.

OTHER SUBSTANTIVE ISSUES

SB 1028 indicates that it would remove references to “obsolete canopy licenses”, however, the Liquor Control Act currently uses the designation “Canopy License” when referring to a specific classification of dispenser license. NMSA 1978 Section 60-6B-14 defines a canopy license as a license what was initially issued prior to January 1, 1988 pursuant to Laws 1981, Chapter 39, Section 117 and which permits the licensee to dispense alcoholic beverages in the same manner as permitted by a dispenser license, subject to the provisions of Section 60-6B-16 NMSA 1978. Under 60-6B-16, canopy licenses are not permitted to leave their current local option district and some canopy licenses that were transferred, pursuant to paragraph E of this section, lost the ability to sell package liquor. There are currently 87 canopy licenses, some of which have lost their package sales privilege. To avoid loss of revenue and other confusion in the Act, the licenses currently designated as “Canopy Licenses” would need to be re-designated as either dispenser licenses or inter-local dispenser licenses depending upon whether the license retains package sales or not.

SB 1028 would also expand the ability of licensees to complete an inter-local option district transfer into any local option district, except into San Juan County or McKinley County or into any local option district, which, by election, has opted not to allow inter-local option district transfers. The current prohibition against transferring licenses out of local option districts that are currently at or below quota would be removed. The probable result of the removal of this prohibition is that less populous counties would be left with no liquor licenses. Additionally, SB 1028 would allow rural licenses that currently cannot transfer to locations within ten miles of any other license, to transfer to any location within the state.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

CS/mt