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FISCAL IMPACT REPORT

ORIGINAL DATE

SPONSOR PA Griego **LAST UPDATED** 02/03/12 **HB** _____

SHORT TITLE Bed & Breakfast Beer & Wine Permits **SB** 302

ANALYST Wilson

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	\$2.2	\$2.2	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Regulations & Licensing (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 302 enacts a new section of the Liquor Control Act (Act). The director of the Alcohol & Gaming Division (AGD) is authorized to issue a special bed and breakfast (B&B) dispensing permit to owners and operators of a bed and breakfast in accordance with rules promulgated by the director to protect public health and safety. The permit shall be limited to the serving of wine and beer in conjunction with food only to the guests of the bed and breakfast.

A bed and breakfast establishment may apply for a special bed and breakfast dispensing permit by submitting a fee of \$100 to the department together with such information as the director may require.

A permit may be renewed annually for a fee of one hundred dollars \$100. The permit shall allow the owner or operator of a bed and breakfast who holds a server permit to dispense wine or beer only to guests of the bed and breakfast in conjunction with the serving of food.

SB 302 defines a bed and breakfast as a business establishment that offers temporary lodging with meals included and has a guest capacity of twenty or fewer persons.

FISCAL IMPLICATIONS

According to the New Mexico B&B Association there are 44 B&Bs in New Mexico. Assuming half the establishments apply for a permit there will be approximately \$2,200 in revenue.

SIGNIFICANT ISSUES

SB 302 creates a permit, rather than a license. It is unclear from this bill what the duties and responsibilities of the permit holder are.

There is no clear-cut direction contained in the bill for issuance of the permits or enforcement action for potential violations.

It is unclear whether permit applicants will be required to comply with the application provisions of the Liquor Control Act.

RLD notes that it is also unclear whether B&Bs are required to comply with the other requirements of the Liquor Control Act such as sales to minors or sales to intoxicated persons.

ADMINISTRATIVE IMPLICATIONS

The Alcohol Gaming Division will be responsible for reviewing applications and issuance of permits. The administrative impact is unknown as there is no information regarding the number of permits that will be issued or the requirements for issuance of such permits.

The Special Investigations Division of the Department of Public Safety will be required to conduct inspections and enforce compliance with the Act if it is determined that permit holders are required to comply with some or all of the Act.

POSSIBLE QUESTIONS

RLD raises the following:

Are B&Bs required to purchase alcohol from a wholesaler or can they purchase from a retailer?

Are B&Bs required to obtain approval of the local governing body?

Must B&Bs be properly zoned for the sale of alcohol?

Are hearings required or may the State simply issue the permits?

DW/lj