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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/13  
 SPONSOR Herrell LAST UPDATED 02/28/13 HB 413a/HBIC  
 SHORT TITLE Rural Restaurant Liquor Licenses SB \_\_\_\_\_  
 ANALYST Weber

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	\$500.0	\$500.0	Nonrecurring	General Fund
		\$13.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General Office (AGO)  
 Regulation and Licensing Department (RLD)  
 Department of Public Safety (DPS)

### SUMMARY

#### Synopsis of HBIC Amendment

1. On page 2, line 20, before the semicolon, insert the following:  
 "except:  
 (1) when applicable, to a family member in the case of the death or divorce of the licensee; or  
 (2) upon the sale or other ownership change of the restaurant for which the license was issued, provided that the restaurant remains at the same location and the required license fee of fifty thousand dollars (\$50,000) is paid".
2. On page 3, line 24, remove the closing quotation mark.
3. On page 3, between lines 24 and 25, insert the following new subsection:  
 "N. A licensee may relocate the restaurant for which the license was issued provided that the restaurant remains in the same county and local option district."",.

These do not change the intent of the bill but provide clarity.

Synopsis of Original Bill

House Bill 413 creates a new class of liquor license, the Rural Restaurant License.

For all counties, other than Class A, that have approved the local option a rural liquor license can be issued permitting the restaurant to serve or allow the consumption of beer, wine and spirituous liquors subject to the following requirements and restrictions: A) the premises of the restaurant for the proposed rural restaurant license shall not have had a dispenser or canopy license within the prior year; B) no more than two rural restaurant licenses shall be issued per county; C) if the director determines that there will be more applications for rural restaurant licenses than the available number of licenses, the director shall use a random selection method for the qualification, approval and issuance of rural restaurant licenses in accordance with the procedures set forth in Subsections H through J of Section 60-6B-2 NMSA 1978 and any rules promulgated by the director; D) a person shall not hold more than one rural restaurant license per county; E) a rural restaurant license shall expire annually and be subject to renewal upon application to the director by the licensee in accordance with Section 60-6B-5 NMSA 1978; F) a rural restaurant license shall not be transferable; G) a rural restaurant licensee shall not permit the sale of beer, wine or spirituous liquors for consumption off the licensed premises; H) all sales, service and consumption of beer, wine and spirituous liquors authorized by a rural restaurant license shall cease when meal sales and services cease for the day or at 11:00 p.m., whichever is earlier; I) if Sunday sales have been approved in the local option district, a rural restaurant licensee may serve beer, wine and spirituous liquors on Sundays until meal sales and services cease for the day or until 11:00 p.m., whichever is earlier; J). the applicant shall present evidence to the director that the applicant holds a current valid food establishment permit; K) the applicant shall present sufficient evidence to the satisfaction of the director at the time of application, or upon application for renewal, of a rural restaurant license that at least fifty percent of the total gross receipts for the restaurant will derive from the sale of food and no more than fifty percent of the gross receipts will derive from the sale of alcoholic beverages; L) upon application for renewal of a rural restaurant license, the licensee shall submit an annual report to the director indicating the annual gross receipts from the sale of meals and from the sale of beer, wine and spirituous liquors; and M) the provisions of Section 60-6A-18 NMSA 1978 shall not apply to rural restaurant licenses."

The cost of the rural restaurant license is a one-time \$50,000 fee with an annual renewal of \$1,300.0

**FISCAL IMPLICATIONS**

With 27 counties classified as other than A the total potential one time revenue associated with the rural liquor license is \$1.35 million creating recurring revenue of \$35,100. These are the maximums; however, the 7 counties with population under 10,000 may not be good candidates leaving a reasonable estimate of 20 counties. The 20 counties would generate \$1.0 million non-recurring and \$26,000 recurring revenue.

**SIGNIFICANT ISSUES**

The rural license is exempt from the provisions of Section 60-6A-18 NMSA 1978 that limits the number of liquor licenses in a defined area.

**House Bill 413a/HBIC – Page 3**

The rural liquor license is less restrictive with respect to the percent of sales for liquor versus food than a regular restaurant license even though spirituous liquors may also be sold.

RLD characterizes the bill as a driver for economic development in rural New Mexico. However, this is only true to the degree that additional demand for alcoholic beverages is created in a particular area, which then creates an additional amount of alcohol related problems.

MW/blm