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FISCAL IMPACT REPORT

ORIGINAL DATE 02/28/13
LAST UPDATED 03/11/13 **HB** _____

SPONSOR SPAC

SHORT TITLE Public Peace, Health, Safety & Welfare **SB** 603/SPACS/aSPAC

ANALYST Weber

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	Undetermined			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Public Affairs Committee substitute for Senate Bill 603 changes the title of the bill to include LIMITING THE NUMBER OF SMALL GROCER'S LICENCES. It addition, it clarifies the definition of small grocer as not including paying taxes pursuant to the Gasoline Tax Act or Special Fuels Supplier Tax Act. Sales of beer and wine will end at 9:00 PM instead of 11:00 PM and no more than five small grocer's licenses shall be issued per calendar year. Lastly, licenses will be issued on an equal opportunity basis.

Synopsis of Original Bill

The Senate Public Affairs Committee (SPAC) substitute for Senate Bill 603 amends Section 60-6A-15 NMSA 1978 to create a new liquor license type called the Small Grocers' License.

The license will allow the sale of beer and wine for off-premise consumption only on a small grocer's licensed premises. The bill creates a definition of "groceries" to mean: foodstuffs, meats, produce, dairy products and household supplies and "small grocer" to mean an establishment held out as a place where groceries are sold to the public and has a floor plan of no more than 7,500 square feet

The license is subject to the following conditions: (1) the person shall submit evidence to the director that the person has the necessary licenses or permits to operate as a small grocer; (2) the person shall satisfy the director that the primary source of revenue from the operation as a small grocer will be derived from the sale of groceries and not from the sale of beer and wine; (3) the person may renew the license annually, and the director shall condition renewal upon a requirement that no less than fifty percent of gross receipts from the preceding twelve months' operation of the small grocer was derived from the sale of groceries; (4) upon application for renewal, the person shall submit an annual report to the director indicating the annual gross receipts from the sale of groceries and from the sale of beer and wine; (5) the sale of beer and wine shall end at the time the sale of groceries ends or at 11:00 p.m., whichever time is earlier; (6) if Sunday sales have been approved in the local option district, the license shall permit, subject to Section 60-7A-1 NMSA 1978, the sale of beer and wine on Sundays until the time the sale of groceries ends or at 11:00 p.m., whichever time is earlier; (7) the license shall not be transferable from person to person or from one location to another, and whenever a licensee ceases to operate as a small grocer at the licensed premises, the director shall cancel the license; (8) the provisions of Section 60-6A-18 NMSA 1978 shall not apply to a small grocer's license; and (9) except as otherwise specifically provided in this section for a small grocer's license, a small grocer's license is subject to the Liquor Control Act in the same manner as a retailer's license.

The initial license fee and each subsequent renewal fee is \$750.

FISCAL IMPLICATIONS

This creates a new license and accompanying fees but it is difficult to determine the number of small grocers and the percentage of participation. However, at the relatively low annual fee of \$750.00 it would seem that participation rate will be high.

SIGNIFICANT ISSUES

The bill defines groceries as foodstuffs, meats, produce, dairy products and household supplies, however many convenience stores also carry these items and the bill does not exclude other items such as gas or non-alcoholic beverages from the gross receipts calculation. If the intent of the bill is to exclude convenience stores, add language excluding locations that sell gasoline or exclude gasoline.

Exclusion of 60-6A-18 NMSA 1978 means the license is not subject to the provision limiting the number of licenses, generally by population density in a certain geographic area.

MW/svb:blm