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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/15

SPONSOR Trujillo, J. LAST UPDATED _____ HB 335

SHORT TITLE Liquor Control Tasting Permit Violations SB _____

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	Positive but Unknown	Positive but Unknown	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 335 changes the way penalties are handled for violations of the Liquor Control Act that occur at tasting events off of the license holders normal licensed premises. Tastings are conducted on a licensed premise for the purpose of promoting the product to the public. Tastings are done in quantities of 1.5 ounces or less for beer and wine and 0.5 ounces or less for spirits. The bill provides for a fine of up to one thousand (\$1,000) dollars and restriction on issuance of tasting permits for up to two months for a first violation. A second violation within one year would carry a fine of up to two thousand (\$2,000) dollars and restriction on issuance of tasting permits for up to six months. A third violation within one year of the first violation would carry a fine of up to five thousand (\$5,000) dollars, restriction on issuance of tasting permits for up to one year and the violation would count against the liquor license held by the licensee. Currently, any violation of the Liquor Control Act counts against the main liquor license. Pursuant to NMAC 15.10.61.8, three violations in a twelve month period could result in revocation of the license. The bill still provides for sanctions for violations of the Liquor Control Act, but does not immediately impact the main liquor license for a violation at a tasting event.

FISCAL IMPLICATIONS

The fiscal impact would be based on the number of citations issued by the Department of Public

Safety (DPS), Special Investigations Division for violations that occur at tasting events and on the number of violations a particular permit holder has received in the past. Any penalties assessed would result in additional revenues, but the estimated annual fee revenues are unknown at this time. The DPS budget reverts to the general fund, so without a provision for these fees to revert to another fund, they will have a positive impact to the general fund.

SIGNIFICANT ISSUES

Due to the possible loss of the liquor license under the current penalty structure, many license holders refuse to conduct these types of product promotions. This bill will allow them a cushion against loss of the license while still providing sanctions for violations.

The Regulation and Licensing Department (RLD) reports its Alcohol and Gaming Division strictly enforces citations made in violation of the Liquor Control Act. Events requiring a tasting permit are especially susceptible to possible violations in that the Liquor Control Act states that the licensee, by and through their server or agent, are responsible for ensuring that all “tasters” are over the age of 21.

ADMINISTRATIVE IMPLICATIONS

The Alcohol and Gaming Division of the Regulation and Licensing Department already processes citations for violations of the Liquor Control Act. Any citations issued pursuant to this bill will be processed by currently existing staff.

JC/bb