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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/16

SPONSOR Montoya LAST UPDATED \_\_\_\_\_ HB 47

SHORT TITLE Lease of Governmental Liquor Licenses SB \_\_\_\_\_

ANALYST Liu

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	See Narrative			

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB 94, SB 147, SB 163, SB 175, SB 193

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)  
 Department of Cultural Affairs (DCA)  
 Economic Development Department (EDD)  
 New Mexico Municipal League

### SUMMARY

#### Synopsis of Bill

House Bill 47 amends Section 60-6A-10 NMSA 1978, allowing governmental liquor licenses to be leased and operated at locations which are not owned or operated by governmental entities. Under current law, governmental liquor licenses are state-issued (as opposed to transferable) liquor licenses issued to qualifying governmental entities (including municipalities, counties, a state fair commission, a state museum or a state university) for use at governmental facilities owned or operated by a governmental entity (including state and county fairs, civic centers, golf courses, convention centers, airports, food service portions of state museums, athletic competition facilities, and certain facilities for cultural or artistic performances). Governmental licenses cannot be used at alternate locations off of their licensed premises for special events.

The bill would add a series of qualifying facilities where the liquor license could be operated. None of these additional facilities would be required to be owned or operated by a governmental entity. These would include areas designated as any of the following:

- Metropolitan redevelopment area,
- Main street project area,
- Business improvement district,
- Arts and cultural district,
- Enterprise zone, or
- Tax increment development district.

This change would expand the number, size and type of locations in which a governmental liquor license could be operated.

### **FISCAL IMPLICATIONS**

According to RLD, current staff would be able to manage any additional workload the bill might create. Revenue from annual fees would be approximately \$1,300 for each governmental liquor license; however, the number of new governmental liquor licenses that would result from this bill is indeterminate. RLD estimates there will likely be an increase in the number of leases of governmental licenses, resulting in an increase in general fund revenue.

### **SIGNIFICANT ISSUES**

RLD provided the following:

This expansion of the governmental liquor license would result in a license type more similar to a dispenser license, because it could be leased and operated at locations that are not owned or operated by a governmental entity. There is no limitation on the number of governmental liquor licenses that a governmental entity could be granted. This expansion could result in much larger areas being able to obtain what is essentially a full liquor license, allowing for the service of beer, wine and spirits—potentially resulting in a softening of values for the quota license types, including dispenser’s licenses. The ability of governmental entities to profit from the lease of their liquor licenses would result in increased governmental revenues for such entities.

### **RELATIONSHIP**

SB 94, SB 147, SB 163, SB 175, SB 193, and this bill all relate to liquor control. SB 94 provides local option districts the option of holding an election to allow the sale of New Mexico-produced distilled spirits by restaurant licensees. SB 147 allows for governmental licenses to be issued to the Spaceport Authority. SB 163 proposes rulemaking that allows segregated sales of beer, wine, or cider packaged in growlers and establishes procedures related to refilling growlers. SB 175 allows a dispenser licensee to lease certain license rights. And SB 193 allows the sale, service, delivery, or consumption of alcoholic beverages on the grounds of ski areas.

AMENDMENTS

EDD recommends the following:

Section E. (5) (b) should qualify the definition to “a *state designated* mainstreet *district...*”. New Mexico MainStreet sets appropriate boundaries for revitalization and redevelopment that are municipally adopted. These boundaries should not be altered unless New Mexico MainStreet staff reviews and approves. Section E. (5) (d) should qualify the definition to “a *state-authorized* arts and cultural district,...”. The Arts & Cultural District coordinator sets appropriate boundaries for creative economy work within the district. Those boundaries are municipally adopted. They should not be altered without the review and approval of the State Arts & Cultural District coordinator.

SL/jo/jle