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FISCAL IMPACT REPORT

SPONSOR Smith ORIGINAL DATE 2/14/19
 LAST UPDATED 2/26/19 HB _____

SHORT TITLE Wine & Beer Sales & Private Celebrations SB 306/aSCORC

ANALYST Gaussoin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
		Indeterminate		

(Parenthesis () Indicate Revenue Decreases)

Relates to HB489 and SB413.

Relates to HB261 and SB204 from the 2018 legislative session.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Public Safety (DPS)

No Responses Received

Regulation and Licensing Department (RLD)

Association of Counties

Municipal League

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 306 adds cider in numerous places throughout the bill to clarify that cider-makers need a winegrower's liquor license, that winegrowers can conduct cider tastings, and that cider can be included in the private celebration that would be permitted in the bill.

New Mexico law differs from federal law by defining wine as specifically not cider. However, the Alcohol and Gaming Division of the Regulation and Licensing Department issues winegrower's licenses to cider makers and treats cider the same as wine. Federal law defines cider as a wine that meets certain standards. The federal Alcohol Tobacco Tax and Trade Bureau regulates cider as wine.

The amendment's addition of cider in the bill is seemingly inconsistent. For example, while the amended bill now says on page 1 that a cider-maker needs a winegrower's license, it does not change language in existing law that allows a person with a winegrower's license to produce, sell, or transport wine. Cider has not been added to those provisions.

Similarly, cider has been added to existing language allowing winegrowers to hold tastings and sell wine and cider by the glass or bottle, but while a winegrower can also sell wines from another winegrower, that permission does not include cider from another winegrower.

Also of note, a small brewer obtaining a public celebration permit can, under existing law, sell wine from a winegrower and, with the amendment, would be able to also sell cider from a winegrower. But existing law does not allow a winegrower with a public celebration permit to sell beer from a small brewer, although the bill would allow it at private celebrations.

Synopsis of Original Bill

Senate Bill 306 would extend the authority granted to winegrowers and small brewers allowing them to serve at public celebrations to allow them to serve at private celebrations, with the restriction that their wine, cider, or beer could only be sold by the glass. The bill defines a private celebration as one held in either a public or private space but not open to the general public and for which an invitation is needed. The bill would also extend the hours that winegrowers and small brewers can sell from their own premises on Sundays by moving the start time from noon to 11 a.m.

FISCAL IMPLICATIONS

The Alcohol and Gaming Division of the Regulation and Licensing Department charges \$10 a day for a public celebration permit for winegrowers, small brewers, and craft distillers, and the same fee would apply to private celebrations. Projecting the number of private celebration permits that would be issued is difficult. However, a small revenue loss is possible if the private celebration permit is used instead of the existing \$25 special dispenser permit provided to liquor dispenser licensees.

SIGNIFICANT ISSUES

RLD notes that by allowing winegrowers and small brewers to begin sale and service from their premises on Sundays at 11 a.m., winegrowers and small brewers would be allowed to begin Sunday package liquor sales, in any local option district, an hour before all other Sunday package sales within the state begin at noon.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB489 and SB413 duplicate the provisions of SB306 and change definitions, production limits, and license renewal and other conditions for small brewers and winegrowers.

SB204 (2017) duplicates provisions in SB306. The bill passed both chambers but was vetoed.

TECHNICAL ISSUES

RLD notes this bill proposes a definition of “private celebration” that differs from that in the administrative code.

HFG/al/gb