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FISCAL IMPACT REPORT

ORIGINAL DATE 3/06/19

SPONSOR Brandt **LAST UPDATED** _____ **HB** _____

SHORT TITLE Change Max Number of Liquor Licenses **SB** 512

ANALYST Glenn

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	Indeterminate/See Fiscal Implications		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$100.0	\$100.0	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 482

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Department of Public Safety (DPS)

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 512 repeals Section 60-6A-18 NMSA 1978, which limits the number of retailer's and dispenser's licenses to sell alcoholic beverages that may be issued in municipalities and counties.

Under current law, incorporated municipalities are limited to no more than one dispenser's or retailer's license for each 2,000 inhabitants or major fraction thereof, and unincorporated areas of

a county are limited to no more than one dispenser's or one retailer's license for each 2,000 inhabitants or major fraction thereof, excluding the population of incorporated municipalities within the county. The number of inhabitants of a local option district is determined by annual population estimates published by the Economic Development Department.

The effective date of SB 512 is July 1, 2019.

FISCAL IMPLICATIONS

RLD notes that an unlimited number of licenses could be issued if SB 512 were enacted, as long as the applicants and locations met the qualifications set forth in the Liquor Control Act. According to RLD it would require two additional FTE to review and process the additional applications generated by the repeal of the caps on liquor licenses. The Alcohol and Gaming Division (ACD) of RLD estimates that it would need an additional one hundred thousand dollars for those FTE.

DPS states that repealing caps on the number of liquor licenses would allow for the operation of an unlimited, unknown number of new licensed liquor establishments. As a result, DPS would require an indeterminate amount of additional personnel resources to enforce compliance with the Liquor Control Act.

The Liquor Control Act imposes an annual license fee of \$1,300 for dispenser's and retailer's licenses. The Liquor Control Act provides that license fees collected by RLD are remitted to the state treasurer. *See* Section 60-6A-17 NMSA 1978. A significant increase in the number of licenses issued would result in a corresponding increase in the fees deposited to the state treasury.

SIGNIFICANT ISSUES

RLD reports that the number of licenses issued in state has already exceeded the maximum number permitted by Section 60-18A-18. RLD states that dispenser type licenses currently are bought, sold and leased on the open market for significant amounts of money (in the hundreds of thousands of dollars). If SB 512 were enacted, the overall monetary value of each dispenser license currently held or newly issued would likely be reduced to zero.

According to DOH, New Mexico has the highest alcohol-related death rate in the nation (www.cdc.gov/pcd/issues/2014/13_0293.htm). In 2017, 1,461 people died of alcohol-related causes in New Mexico, which amounts to nearly four people dying of alcohol-related causes every day (ibis.health.state.nm.us/indicator/view/AlcoholRelatedDth.Year.NMUS.html). The cost of excessive alcohol in New Mexico was estimated to be \$2.2 billion in 2010 ([www.ajpmonline.org/-article/S0749-3797\(15\)00354-2/fulltext](http://www.ajpmonline.org/-article/S0749-3797(15)00354-2/fulltext)). These costs included law enforcement, hospitalizations, treatment, etc., and it is estimated that 40.9% of these costs in New Mexico are paid for by government. DOH notes that a review of ten studies assessing changes in the number of locations that sell alcohol concluded that increases in the number of locations selling alcohol in a community resulted in increases in alcohol consumption and related harms, particularly interpersonal violence (www.ncbi.nlm.nih.gov/pubmed/19944925). DOH states that if SB512 is enacted, the density of alcohol outlets would likely increase as would alcohol-related harms.

ADMINISTRATIVE IMPLICATIONS

RLD states that if the bill were enacted, ACD staff likely would be required to review and process a significant number of new applications in addition to their existing workload.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to and conflicts with HB 482 Change Max Number of Liquor Licenses, which also amends Section 60-6A-18 NMSA 1978.

BG/al