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FISCAL IMPACT REPORT

SPONSOR	Stefanics/Candelaria/ McKenna/McQueen	ORIGINAL DATE	01/25/21		HB
		LAST UPDATED	02/26/21		2/aSFC/aSFI#1/
SHORT TITLE	Waive 2021 Liquor License Fees				SB aHCEDC/ec
		ANALYST	Nichols		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
	(\$3,400.0 – \$3,800.0)		Nonrecurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Taxation and Revenue Department (TRD)

Tourism Department (NMTD)

SUMMARY

Synopsis of HCEDC Amendment

The House Commerce and Economic Development Committee amendment removes all changes from Senate Floor Amendment #1, meaning the bill would again apply to all liquor license holders (not only those whose 2020 gross receipts fell by at least 50 percent or more). The estimated fiscal impact is modified to reflect waiving all fees for the next renewal period, an estimated revenue loss of between \$3.4 million and \$3.8 million during a twelve-month period across FY21 and FY22, with most of the revenue loss likely to fall in FY22.

The amendment also replaces the reference to “2021 license fees” in the bill description to “the next annual renewal fee” and specifies that RLD will waive the next annual renewal fee for liquor licenses beginning on the effective date of the act.

Synopsis of SFI#1 Amendment

The Senate Floor #1 amendment to Senate Bill 2 updates the bill language so that only businesses demonstrating that their total gross receipts from all sales during 2020 fell by 50 percent or more would be eligible for the liquor license fee waiver.

TRD estimates a maximum loss of approximately \$2.3 million across FY21 and FY22, based on the number of active licensees that may qualify for fee waivers under criteria in the amended bill. The estimate excludes wholesalers, carriers, and retailers, which are unlikely to meet the requirements to waive license fees, and assumes all other license holders, such as restaurant and canopy licensees, meet the requirements to have fees.

The amended bill also directs TRD to provide verification of information needed to determine eligibility. The agency estimates a cost of approximately \$15.5 thousand to its Information Technology Division to carry out this work.

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 2 would waive licensees' next annual liquor license fees after the effective date of the bill, instead of waiving 2021 license fees. If a licensee already paid a renewal fee in 2021, the licensee's next renewal fee would be waived.

The estimated revenue loss to RLD would still be between \$3.4 million and \$3.8 million during a twelve-month period, but depending on when the bill goes into effect, more of the fiscal impact would likely be in FY22 than in FY21.

Synopsis of Original Bill

Senate Bill 2 amends the Liquor Control Act to require the director of the Alcoholic Beverage Control Division of the Regulation and Licensing Department (RLD) to waive fees for all liquor licenses issued by the division for the 2021 calendar year.

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

If liquor licensing fees were waived for calendar year 2021, RLD estimates a loss in revenue of \$1.8 million to \$2 million in FY21 and a loss of \$1.6 million to \$1.8 million in FY22, for a total revenue loss of \$3.4 million to \$3.8 million to the general fund over two fiscal years.

There are approximately 3,800 active liquor license holders in the state, including 1,023 direct shipment licensees, 794 dispenser licensees, 712 restaurant licensees, and smaller numbers of other license holders. Annual license fees range from \$25 to \$3,000, depending on the type of license. Annual license renewal fees are due in either April, August, or December, depending on the license.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

All licensees would be required to pay renewal fees in order to maintain their respective licenses.