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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/09

SPONSOR Garcia, T. LAST UPDATED _____ HB 560

SHORT TITLE Limit Package Liquor Sale Areas in Stores SB _____

ANALYST Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$25.0	Minimal		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB226

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)
 Department of Public Safety (DPS)
 Regulation & Licensing (RLD)

SUMMARY

Synopsis of Bill

House Bill 560 amends the segregated sales section of the Liquor Control Act. The changes will require that any licensee who sells alcohol in unbroken packages for consumption off the licensed premises and whose alcohol sales are less than sixty percent of their total sales consolidate all alcoholic beverages into one area. The alcoholic beverages must be segregated from the rest of the store into a clearly designated and marked area of the store subject to the following conditions:

- The area must be roped off, chained off or covered during hours or days when alcohol sales are not permitted so that alcohol may not be obtained by customers.
- Minors are prohibited from entering the area unless accompanied by a parent, adult spouse or a legal guardian. The area must have signs posted stating that no one under 21 is permitted to enter unless accompanied by a parent, adult spouse or a legal guardian.
- A separate cash register must be maintained in the segregated area for alcohol purchases only and one employee from each work shift must be assigned to make only alcohol sales at that register.

- The licensee must file a floor plan with the Alcohol and Gaming Division showing the segregated area and must notify the Division within ten days of making any changes.

FISCAL IMPLICATIONS

RLD states that the provisions of this bill will require additional Alcohol and Gaming Division staff time since close to 2,300 floor plans will have to be reviewed. RLD believes this will require a halftime FTE for \$25,000 for salary and benefits. Subsequent years can be handled by the agency as of ongoing responsibilities.

SIGNIFICANT ISSUES

RLD provided the following:

HB 560 does not take into account the size of the premises affected by this bill. In a large premise which current regulations define this as a location containing 20,000 square feet or more, segregation of alcohol is already taking place pursuant to NMAC 15 10.52.8 with the exception that two small displays may be located in other areas of the premise. Table wines are exempted from segregated sales under current statute. HB 560's requirement for a separate cash register and an employee to staff the segregated area may be possible, but will likely increase costs.

In a small premise, segregation will become more of a burden on the licensee as there is less room to work with. Space in coolers is more limited as is floor and shelf space. The requirement for a separate cash register and an employee to staff the segregated area may be extremely difficult in smaller stores that are sometimes staffed by only one person and only contain one cash register.

There will also be an inconvenience to the customer, as only alcohol could be checked out in the segregated area. Patrons with other groceries or items will need to spend time standing in two lines.

HB 560 will limit the availability of alcoholic beverages to minors by restricting access to areas where alcohol is displayed for retail sales. It will further restrict the availability of alcohol during prohibited times. Customers purchasing alcoholic beverages will be scrutinized by certified store clerks thereby reducing the sale of alcohol to intoxicated person.

ADMINISTRATIVE IMPLICATIONS

RLD staff time will be required to review all of the floor plans that will be submitted.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 560 relates to HB 226, Liquor Control Act Changes, enacting a new section to require identification for retail sales

DW/svb