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FISCAL IMPACT REPORT

ORIGINAL DATE 03/10/09

SPONSOR Trujillo LAST UPDATED _____ HM 88

SHORT TITLE Alcoholic Beverage Sale Pricing Hearings SB _____

ANALYST Francis

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY09 | FY10 | | |
| | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to several bills – see below for details

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 88 requests that the interim Revenue Stabilization and Tax Policy committee (RSTP) to conduct a study of the wholesale and retail pricing structure of alcoholic beverages in New Mexico, the lack of fair competition in the retail sale of alcoholic beverages, and the effects of the lack of fair competition on the proliferation of alcoholic beverages. RSTP is requested to develop recommendations for specific legislation for changes needed and to endorse these changes.

The memorial cites the following as reasons for the request:

- There is currently strict regulation on sales, service, possession and consumption of alcoholic beverages
- There is regulation to prevent unfair competition for some trade issues but not pricing practices between wholesalers and retailers
- High volume retailers receive discounts and incentives from wholesalers which allows these retailers to undercut retailers who do not receive discounts placing them at a competitive disadvantage
- Since high volume retailers have a cost advantage they can sell more increasing the volume sold.
- Prior to 1966, there were regulations regarding pricing.

FISCAL IMPLICATIONS

There are no appropriation or revenue impacts.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

| | | |
|------------|---|---|
| HB57/SB487 | LOCAL LIQUOR SURTAX IMPOSITION & RATES | Allows additional counties to impose a local liquor excise tax |
| HB78/SB665 | MALT BEVERAGES AS SPIRITUOUS LIQUOR | Increases tax on malt beverages |
| HB805 | LIQUOR EXCISE TAX DISTRIBUTION ADMINISTRATION | Changes the distribution to DFA of local DWI fund |
| SB578 | LOCAL OPTION HOSPITALITY LIQUOR TAX ACT | Allows an additional "on-premises" tax for locals |
| SB660 | LIQUOR TAX FOR ALCOHOL DETOX & TREATMENT | Dedicates a distribution to Taos County |

NF/svb