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FISCAL IMPACT REPORT

SPONSOR Trujillo, J. ORIGINAL DATE 3/3/15
LAST UPDATED 3/10/15 HB 478
SHORT TITLE Staggered Liquor License Renewal Dates SB _____
ANALYST Elkins

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$5.1)	(\$5.1)	(\$10.2)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 478 amends the Liquor Control Act by changing the expiration date for certain license types. Dispenser, canopy, and retailer license expiration dates will not change. Restaurant, club, wholesaler, and manufacturer licenses will now expire on October 31 of each year. Non-resident, out-of-state manufacturers and importers who ship alcohol to New Mexico wholesalers but do not sell directly to the public and do not have a physical corporate presence in the state- Gallo Wines, Miller, Coors, etc., and common carrier, transportation, and shipping companies license expiration date will remain June 30 of each third year. All other license types shall expire on February 28 of each year. The bill also specifies the dates renewal applications for each type of license are due.

The Liquor Control Act currently allows for proration of license fees for retailer, dispenser, restaurant, club, and public service licenses. Proration is still allowed for these license types, but the language in the bill is updated to account for the differing expiration dates.

The bill also slightly changes language to clarify that licenses shall not be renewed when a license holder is delinquent in the payment of gross receipts taxes from the sale of alcohol, which is the current practice.

HB 478 contains a temporary provision to ensure that there is no loss of revenue during the first year while changing the expiration and renewal dates.

FISCAL IMPLICATIONS

There will be no loss in revenue for license fees as the bill provides for a prorated fee to cover the time period between June 30 and the new expiration dates. In past years, the Alcohol and Gaming Division (AGD) of RLD has needed to hire temporary employees and needed existing staff to work extra hours to get all licenses renewed by June 30. Staggering the expiration and renewal of licenses should spread the workload out over the year to allow for better management of staff time and resources. In FY14, AGD spent \$5.1 thousand for a contract with ATA Services Inc. to assist with license renewals.

SIGNIFICANT ISSUES

Currently, all 26 license types expire on June 30 of each year, causing delays in issuing new licenses during the renewal season. Dispenser, canopy, and retailer license expiration dates will not change. These are the quota license types of which there are 1,411 total. Because the quota is tied to population and our state population has not increased overall, these licenses are simply transferred. New licenses have not been issued since 1982.

Licenses will now expire at different times during the year. During the first year of the change, licenses expiring on October 31 and February 28 will be required to pay an additional amount to cover the temporary license period.

Under current law, all 26 license types expire on the same day. This bill allows renewal application processing to be divided throughout the year and will help AGD issue new licenses and transfer licenses in a timely manner.

CE/bb/aml/je