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## FISCAL IMPACT REPORT

SPONSOR Tsosie DATE TYPED 2/25/2005 HB \_\_\_\_\_

SHORT TITLE Regulation of Alcoholic Look-A-Like Products SB 1025

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children Youth and Families Department (CYFD)

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Bill 1025 would limit the influence of alcohol look-a-like products on New Mexico's children by limiting the sale of these products. SB 1025 proposes to limit the sale of alcohol look-a-like products to persons who are 18 years old and over. SB 1025 proposes that alcohol look-a-like products not be sold within 300 feet of a primary or secondary school. This rule would also apply to any food or drink that has a name substantially similar to that of any recognized alcoholic beverage.

#### Significant Issues

DOH explains that excessive advertising has been demonstrated to increase consumption of alcohol by underage youth. In that alcohol marketing practices already target youth, the marketing of products with similar appearance of alcohol products further glamorize underage alcohol consumption.

Alcohol look-a-like products may include "alcopops", which are soft drinks or lemonades that contain alcohol. Alcopops are popular with younger people.

## TECHNICAL ISSUES

DOH suggests that SB1025 may be strengthened if it indicates the agency responsible for regulation and/or specifies a penalty for violation.

## OTHER SUBSTANTIVE ISSUES

DOH reports that according to the Alcohol Policies Project, marketers appeal to young people by developing sweet tasting products ([www.cspinet.org/booze/alcohol\\_advertising\\_ex15.htm](http://www.cspinet.org/booze/alcohol_advertising_ex15.htm)). Industry data also reflect the significant participation of underage users among consumers of sweeter alcohol products or alcopops. Mintel International, as reported by Super Market Research, estimates that "nearly one-quarter of people age 19 to 20 drink coolers including spirits-based pre-mixed beverages, accounting for 7 percent of all cooler drinkers." This is not even taking into consideration 15- to 18-year-olds. Mintel's calculation also fails to acknowledge that underage drinkers probably consume more than their proportional share of the sweeter products. It is estimated that teenagers consume around 10% of all the alcopops sold, if not more.

Also, according to the Alcohol Policies Project, alcohol marketers say they have voluntary standards that prevent them from targeting consumers younger than the legal purchase age. Marketers claim to avoid pitches that primarily appeal to teenagers and to pass up ad placements that reach an audience that is predominantly underage. Yet, it is known, when one reaches 21, these former teens become potentially valuable alcohol consumers and legitimate targets for aggressive promotions. Those messages weave throughout the media and in many marketing arenas; they mirror youth culture and relate directly to the interests, motivations, and aspirations of young.

After substantial declines in the 1980s and early 1990s, youth alcohol use has remained flat and at high levels for the past ten years.<sup>3</sup> In 2003, approximately 10.9 million 12- to 20-year-olds reported having had a drink in the past month. Of that number, nearly 7.2 million reported binge drinking (defined as drinking five or more drinks on the same occasion).<sup>4</sup> These numbers are essentially unchanged from 2002. Every day, three teens die from drinking and driving, and at least six more die of other alcohol-related causes, including homicide, suicide and drowning (*Alcohol Advertising on Television, 2001 to 2003: More of the Same Executive Summary, Center on Alcohol Marketing to Youth.*)

DOH reports that public health research has found that youth exposure to alcohol advertising increases awareness of that advertising, which in turn influences young people's beliefs about drinking, intentions to drink, and drinking behavior. Brain imaging has revealed that, when shown alcoholic beverage advertisements, teens with alcohol use disorders have greater activity in areas of the brain previously linked to reward, desire, positive affect and episodic recall, with the degree of brain response highest in youths who consumed more drinks per month and reported greater desires to drink. The Federal Trade Commission (FTC) has noted that, "While many factors influence an underage person's drinking decisions, including among other things parents, peers, and the media, there is reason to believe that advertising plays a role." (*Alcohol Advertising on Television, 2001 to 2003: More of the Same Executive Summary, Center on Alcohol Marketing to Youth.*)

The alcohol industry trade associations, as well as individual companies, should strengthen their advertising codes to preclude placement of commercial messages in venues where a significant proportion of the expected audience is underage, to prohibit the use of commercial messages that

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have substantial underage appeal, and to establish independent external review boards to investigate complaints and enforce the codes (Recommendation 7-3, Reducing Underage Drinking, 137, *Reducing Underage Drinking: A Collective Responsibility, 2004.*, a National Institute of Medicine [IOM] report)

**BD/yr**