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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/07

SPONSOR Carraro LAST UPDATED _____ HB _____

SHORT TITLE Liquor License Definitions, Sales & Transfers SB 191

ANALYST Hanika Ortiz

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$.01	\$.01	non-recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 191 amends Sections 60-3A-3 “D(2)” and “M” of the Liquor Control Act as it relates to the definitions of “club” and “licensed premises.”

“Club” is now defined to include an airline passenger membership club operated by an “air common carrier.” An “air common carrier” has been redefined to include a person engaged in regularly scheduled air transportation between fixed terminals under a certificate issued by the federal aviation administration as opposed to the civil aeronautics board, which no longer exists. SB 191 will amend the Liquor Control Act to reflect the correct federal regulating agency in the airline industry.

“Licensed premises” is now defined to exclude locations where motor fuel or liquefied petroleum gases or compressed natural gases are sold for the generation of power in an internal combustion engine (gas station).

SB 191 further provides that licensees, who currently hold qualified licenses at establishments that sell gasoline to the public, may renew the license in an inactive status, without penalty of cancellation, until July 1, 2009. During the inactive grace period from July 1, 2007 to July 1, 2009, the licensee may transfer, assign, sell or lease the inactive license for use at a licensed premise.

FISCAL IMPLICATIONS

Licenses currently held at locations where gas is sold will be required to pay a \$200 fee to transfer the license or a \$250 to transfer a leased license. When a license is placed in voluntary temporary suspension, the licensee is required to pay a \$20 fee. The Alcohol Division of the RLD reports that all fees, permits, application fees, license renewal fees, etc. pursuant to the Act are credited to the general fund.

SIGNIFICANT ISSUES

RLD reports that licenses that sell gasoline for use in motor vehicles must place those licenses in an inactive status effective July 1, 2007. The licensee has two years until July 1, 2009 to sell, transfer, assign or lease the inactive license. At the end of the two year grace period, the Director of the Alcohol Division has the discretion of canceling the license or extending the inactive holding period. The licensee will be responsible for paying license transfer fees. Holders of inactive licenses will be permitted to sell their stock of alcoholic beverages, in whole or part, during the inactive period.

ADMINISTRATIVE IMPLICATIONS

RLD states the existing staff in the Alcohol Division will monitor licenses currently held at locations that sell gasoline used for public consumption.

TECHNICAL ISSUES

The bill is unclear as to what circumstances will be considered “good cause” in the Director of the Alcohol Division extending the inactive holding period for a particular licensee.

AHO/nt