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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/11

SPONSOR Neville LAST UPDATED _____ HB _____

SHORT TITLE Minors Present on Liquor Licensed Premise SB 540

ANALYST Sanchez, C.

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY11 | FY12 | | |
| | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY11 | FY12 | FY13 | 3 Year Total Cost | Recurring or Non-Rec | Fund Affected |
|--------------|------|--------|--------|----------------------|-------------------------|------------------|
| Total | | +\$1.0 | +\$1.0 | +\$2.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Department of Public Safety (DPS)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 540 amends NMSA 1978 Sections 30-20-10 and 60-7B-10 relating to minors on a liquor licensed premises. The bill cleans up language and adds language to Section 30-20-10 to better define what areas are prohibited to minors. The language is similar to that contained in 60-7B-10. SB 540 adds new language to 60-7B-10 requiring a physical separation – floor to ceiling walls – between areas where alcohol consumption is the primary activity and areas where minors are permitted to be present when not accompanied by a parent, adult spouse or a legal guardian.

SB540 would also amend the statute regulating the sales and service of alcohol to minors,

specifically, the section regulating the presence of minors in licensed premises (Section 60-7B-10 NMSA 1978), by adding a new sub-section stipulating that “areas of a licensed premise where the consumption of alcohol is the primary activity shall be partitioned by a solid floor-to-ceiling wall from any areas where minors are permitted to be present when not accompanied by a parent, adult spouse or legal guardian.” SB540 would be effective July 1, 2011.

FISCAL IMPLICATIONS

According to the Alcohol and Gaming division (AGD), some costs may be incurred in the form of staff time to review and approve floor plan changes to licensed premises. The Special Investigations Division of the Department of Public Safety would also need to conduct premise inspections to ensure compliance. If citations are issued, staff time would be required to process and resolve those citations.

SIGNIFICANT ISSUES

This bill proposes to further define restrictions for minors on a licensed premise. It would restrict minors from attending, frequenting or loitering in or about any licensed premise “*in the areas where the consumption of alcoholic beverages is the primary activity,*” as opposed to a “saloon” (changes 30-20-10 NMSA 1978).

It also proposes an addition to 60-7B-10 NMSA 1978. This proposed change requires a licensee to have a “solid floor-to-ceiling wall” partitioning/separating an area of the premise where the consumption of alcohol is the primary activity from any area where minors can be present without a parent, adult spouse or legal guardian.

ADMINISTRATIVE IMPLICATIONS

Additional staff time would be required for review of floor plan changes and possibly for citation processing.

TECHNICAL ISSUES

According to DPS, it is unclear what the definition of “primary activity” is. It is not defined in either above-mentioned statute. If the definition is not clear, it will impede SID’s ability to appropriately cite administratively and criminally, ultimately impacting the adjudication of said citations.

OTHER SUBSTANTIVE ISSUES

According to the Department of Health (DOH), in 2009, New Mexico had the highest prevalence (29.4%) of high school students who reported drinking alcohol before age 13 (MMWR, 2010). Underage drinking, particularly binge drinking (drinking five or more drinks in a two-hour period) puts youth at elevated risk for alcohol-related injury and disease. The three leading causes of death among 10-19 year olds in New Mexico (WISQARS, 2010) are all strongly associated with underage drinking, with 15-27% of motor vehicle traffic crash deaths, 23% of suicides and 47% of homicides in this age group estimated to be alcohol-attributable (CDC ARDI, 2010).

According to DOH, enforcement of laws regulating underage drinking, including minimum legal drinking age laws prohibiting sales and service to persons under age 21, are among the most effective prevention measures for reducing alcohol-related harm (Community Guide, 2007).

DOH believes that by requiring physical barriers between restaurant and bar areas in establishments which have both these types of services, and prohibiting unaccompanied minors from the bar areas, SB540 is trying to reduce underage drinking (or exposure to adult drinking that might influence initiation of underage drinking). However, given that, in 2009, only a small proportion (less than 2%) of New Mexico high school drinkers reported usually getting or consuming their alcohol in restaurants, bars or clubs (YRRS, 2011). SB540 may have a small impact on reducing the underage drinking rate.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

CS/bym