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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/13/13

SPONSOR Griego LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Limited Hotel Liquor Licenses SB 331

ANALYST Weber

### REVENUE (dollars in thousands)

| Estimated Revenue |        |        | Recurring<br>or<br>Nonrecurring | Fund<br>Affected |
|-------------------|--------|--------|---------------------------------|------------------|
| FY13              | FY14   | FY15   |                                 |                  |
|                   | \$50.0 | \$50.0 | Recurring                       | General Fund     |

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

Department of Public Safety (DPS)

### SUMMARY

#### Synopsis of Bill

Senate Bill 331 creates a new liquor license, the Limited Hotel License.

In a local option district that has voted to approve the sale of alcoholic beverages, the director may issue a limited hotel license upon application by a person qualified under the provisions of the Liquor Control Act subject to the following requirements and restrictions: A) a limited hotel license shall be allowed to sell beer and wine in opened containers for on-premises consumption only except as provided for in Section 60-7B-13 NMSA 1978; B) the premises covered by a limited hotel license shall include the entire hotel facility; C) a limited hotel license shall not be transferred from person to person or from one location to another; D) a limited hotel license shall expire annually and be subject to renewal upon application to the director by the licensee pursuant to Section 60-6B-5 NMSA 1978; E) sale, service and consumption of alcoholic beverages authorized in this section shall be permitted during the hours set forth in Section 60-7A-1 NMSA 1978; and F) the provisions of Section 60-6A-18 NMSA 1978 shall not apply to limited hotel licenses."

The annual fee for the limited hotel license is \$1,050.00

**FISCAL IMPLICATIONS**

Revenues are limited to the annual fee of \$1,050.00. If 50 hotels decided to take advantage of the new license the annual revenue would be approximately \$50,000.

**SIGNIFICANT ISSUES**

It seems reasonable that almost all hotels would take advantage of the new license. For a facility with only 25 rooms it would only need to generate \$42.00 per room in an entire year to pay the \$1,050.00 annual fee. This is only \$0.11 per day per room. There would be some expenses related to handling and serving the product but even with minimal effort profits will accrue.

The bill does not appear to limit in any way the liquor products that can be served or how. It seems to allow the opportunity for a full service bar in every hotel lobby. Also, apparently non-hotel guests could patronize the bar.

The limited hotel license is not subject to the geographic or population quotas of Section 60-6A-18 NMSA 1978.

RLD anticipates the bill would encourage hotel patrons to stay on-site and consume alcohol which decreases the likelihood of that patron committing a DUI. However, this benefit would diminish to the degree non-hotel guests are patrons.

MW/blm