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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/16

SPONSOR Smith **LAST UPDATED** _____ **HB** _____

SHORT TITLE Spaceport Liquor License **SB** 147

ANALYST Liu

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	\$50.0 - \$700.0	\$50.0 - \$800.0	Recurring	Spaceport Authority

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 47, SB 175

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Spaceport Authority (NMSA)
Regulation and Licensing Department (RLD)

SUMMARY

Senate Bill 147 amends the Liquor Control Act by including the Spaceport Authority in the list of governmental entities eligible for governmental liquor licenses.

FISCAL IMPLICATIONS

The addition of a governmental liquor license would allow NMSA to diversify its customer base and sources of revenue. According to NMSA, a significant part of the agency's budget will be supported by non-aerospace event venue services where alcohol is served. These special events where alcohol is served were previously valued at approximately \$50 thousand per year beginning in FY16. However, NMSA is currently marketing its special events to attract local, national, and global customers and estimates overall revenue generated from these events may reach \$700 thousand in FY17 and \$800 thousand in FY18.

SIGNIFICANT ISSUES

NMSA is accelerating efforts to diversify its business model and expand the number of non-aerospace users at Spaceport America, including special events where alcohol is served. Such events may include conferences, concerts, and corporate or private receptions, where the cost to an independent third party would be prohibitive to acquire their own liquor license purely for the event. In addition, once Spaceport America tenant Virgin Galactic begins commercial operations, NMSA expects to earn incremental revenue via tenant-sponsored special events as well.

The current list of entities eligible for a governmental license includes but is not limited to municipalities, counties, state museums, etc. Governmental facilities currently include civic centers, airports, auditoriums, golf courses, and other facilities. Under current law, there are limits to the ways in which the Spaceport could obtain a liquor license since it is not listed as a governmental entity or facility. This bill would allow the Spaceport Authority to apply for a governmental license, which they could then lease to the current or any future tenant of Spaceport America.

RELATIONSHIP

This bill, HB 47, and SB 175 relate to the Liquor Control Act, amending provisions associated with government liquor licenses.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to NMSA, the agency will not meet its revenue projections for event venue services.

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