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FISCAL IMPACT REPORT

SPONSOR <u>Senate Judiciary Committee</u>	LAST UPDATED <u>3/12/2025</u>	ORIGINAL DATE <u>3/9/2025</u>
SHORT TITLE <u>Independent Theater Beer & Wine Licenses</u>	BILL NUMBER <u>CS/Senate Bill 159/SJCS/aSFI#1</u>	ANALYST <u>Montano</u>

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
	See Fiscal Implications						

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD/ABC	\$40.0	No fiscal impact	No fiscal impact	\$40.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this substitute bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of SFI#1 Amendment for SJC Substitute for Senate Bill 159

The Senate Floor #1 amendment for the Senate Judiciary Committee substitute for Senate Bill 159 (SB159) alters the definition of an independent theater by removing the requirement that the theater needs to be in a single location.

Synopsis of SJC Substitute for Senate Bill 159

The Senate Judiciary Committee substitute for Senate Bill 159 proposes an amendment to the Liquor Control Act to create a special independent theater dispensing license. This license would allow independent theaters to serve beer and wine to customers during movie screenings or other events. The bill grants authority to the Alcohol Beverage Control Division (ABC) of RLD to issue these licenses, subject to rules ensuring public health and safety. Independent theaters seeking this license must obtain approval from the governing body or local option district in their

jurisdiction.

The license strictly limits alcohol sales to beer and wine and mandates that service be provided exclusively in conjunction with theater events. Additionally, each customer is restricted to a maximum of two 12-ounce servings of beer or two six-ounce servings of wine per event. The license is nontransferable between individuals or locations, ensuring that it remains specific to the applying theater. Furthermore, theater owners, operators, and employees who serve alcohol must hold a valid server permit and comply with existing liquor regulations under Chapter 60, Article 6E, of the New Mexico statutes.

To qualify as an independent theater under this legislation, a business must primarily operate for exhibiting movies or hosting live productions and events. It must be in a single establishment, be owned and operated by a New Mexico resident or a registered business in the state, and must have been in existence for at least one year.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

RLD would have to add this new license type to its electronic licensing system NM Plus. To implement the new license type would cost RLD around \$40 thousand to contract a professional to develop, program, test, and implement the new license type into the system. For RLD to have this license type available for the start of FY26, RLD would have to implement it in FY25.

The committee substitute for SB159 does not include any information regarding the price for a theater to apply for this new license type or a price to renew it. In a previous version of the bill, it was stated that both the application and renewal fee were \$100. Removing this key detail will require future legislation to either add a cost for the application and renewal fee or have the costs for this license type equal to similar alcohol-related licenses that fall under the Liquor Control Act.

SIGNIFICANT ISSUES

RLD had this comment on an provision of the original bill unchanged in the substitute:

SB159 requires that the business be in existence for a period of one year before qualifying for a license. This may create conflict with the dormant commerce clause, as US Federal Courts have deemed residency requirements as unconstitutional, see *Tennessee Wine and Spirits Retailers Association v. Thomas*, 588 U.S. 504, 139 S.Ct. 2449 (2019).

ADMINISTRATIVE IMPLICATIONS

RLD stated existing ABC staff would be able to handle the addition of a new license type and all associated initial and renewal license applications.

NM/hg/hj/SL2