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FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/11
LAST UPDATED 02/24/11 **HB** _____

SPONSOR Papen

SHORT TITLE Use of Winegrower Facilities **SB** 356/a SCORC

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)
 Relates to HB 315

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Regulation & Licensing (RLD)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 356 clarifies that the other winegrowers are the out-of-state wine producers.

The amendment explains that for purposes of determining annual production and compliance with the 50% New Mexico grown provision of this bill, the calculation of a winegrower's overall annual production of wine shall not include the winegrower's production of wine for out-of-state wine producer license holders.

In addition, the amendment states that a person issued a winegrower's license may do any of the tasks required to produce wine whether the wine is manufactured or produced for a winegrower or an out-of-state wine producer holding a permit issued by the federal alcohol tax unit of the IRS and a valid license in a state that authorizes the wine producer to manufacture, produce, store or sell wine.

Synopsis of Original Bill

Senate Bill 356 amends the Liquor Control Act to allow winegrowers in other states to use New Mexico winegrower's licensed facilities.

FISCAL IMPLICATIONS

RLD notes that this bill does not address in which state taxes must be paid. It is unclear how or if the excise tax will be collected by New Mexico from winegrowers from other states.

New Mexico winegrowers currently pay \$8,600 a month in wine excise taxes.

SIGNIFICANT ISSUES

SB 356 allows winegrowers from another state to use facilities in New Mexico. The bill does not address whether the out of state winegrowers must be licensed in their state. New Mexico cannot license entities to be winegrowers in other states.

RLD believes the intent of this bill is to allow the sharing of licensed premises by winegrowers, but it does not amend Section 60-3A-3 M NMSA 1978 which requires that a licensed premise be under the direct control of the licensee. It is also not clear that any winegrower may use the premise of any other winegrower.

RLD further states this bill should contain language similar to that contained in federal law related to alternating premises. Clarification on the definition of what a winegrower is would also be helpful if this bill were to be enacted as there currently is no minimum production requirement and no requirement that the wine maker grow any agricultural products. As currently written, anyone can obtain a winegrower license and have all of their products made by someone else – they do not have to grow a grape or produce an ounce of wine themselves.

ADMINISTRATIVE IMPLICATIONS

Additional staff time will be required to process license applications, but RLD should be able to handle the provisions of this bill with existing staff as part of ongoing responsibilities.

DUPLICATION

SB 356 duplicates HB 315

DW/bym:mew