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FISCAL IMPACT REPORT

SPONSOR Montoya ORIGINAL DATE 2/27/19
 LAST UPDATED _____ HB 482

SHORT TITLE Change Number of Liquor Licenses SB _____

ANALYST Daly

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$100.0	\$100.0	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB271, HB272, HB273, SB19, SB78, SB79, SB210

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 482 changes the quota limitation for dispenser liquor licenses from one per each two thousand in population or major fraction thereof to one per each one thousand in population or major fraction thereof.

The effective date of this bill is July 1, 2019.

FISCAL IMPLICATIONS

RLD reports the number of new licenses that would be issued is unknown at this time. Population figures are determined by annual population estimates published by the economic development department. The state, as whole, is significantly over the existing quota limitations, which will tend to reduce the number of new licenses issued pursuant to this bill. Dispenser type licenses carry an annual license fee of \$1,300.

According to RLD, two additional FTE swill be required to review and process the additional applications generated by the change in the quota limitation. The Alcohol and Gaming Division (AGD) estimates that it would need an additional one hundred thousand dollars in general fund for those FTEs.

SIGNIFICANT ISSUES

RLD advises that currently issued dispenser licenses are bought, sold and leased on the open market for significant amounts of money (in the hundreds of thousands of dollars). They may transfer from one local option district to another. There are no restrictions on when or if these newly created dispenser type licenses may do the same. Successful applicants will be receiving an extremely valuable asset for only \$1,300. The overall monetary value of each dispenser license either currently held or newly issued, however, will likely be reduced by the increase in supply.

PERFORMANCE IMPLICATIONS

DOH reports this bill is related to its strategic plan:

Result 1: Improved Health Status for New Mexicans

Result 2: An Engaged, Empowered, and High-performing Workforce that Supports Health Status Improvement

Result 2: Simple and Effective Administrative Processes that Support Health Status Improvement

DOH notes reducing alcohol-related death is a strategic plan indicator for the agency. (<https://nmhealth.org/publication/view/plan/2229/>).

ADMINISTRATIVE IMPLICATIONS

RLD notes that AGD will first need to calculate the available number of licenses, then follow the procedures to issue the new licenses according the random selection methods set forth in both statute and rule. Division staff would likely be required to review and process a significant number of new applications in addition to their existing workload, resulting in the need for additional staff discussed in the Fiscal Implications section.

RELATIONSHIP

DOH provides this listing of related bills:

HB 271 would amend Section 60-6A-1 NMSA 1978 to allow for the issue, upon request of the governing body of the municipality, a municipal dispenser's license to the municipality, one for each 10,000 inhabitants of the municipality. A municipal dispenser's license would be used for the sole purpose of being leased to a qualified lessee. It is similar to SB79 but would allow for more municipal licenses due to the population ratio given in the bill.

HB272 (and its duplicate SB210) would amend Section 60-3A-3 NMSA 1978 to establish a second type of restaurant license – in addition to the existing restaurant license type for beer and wine only, HB272 would create a restaurant license type that includes beer, wine, and other alcoholic beverages. HB272 would also allow a local option district that has approved the issuance of restaurant licenses for the sale of beer and wine to approve the issuance of restaurant licenses for the sale of beer, wine and alcoholic beverages in restaurants by adoption of an ordinance. It appears to be a duplicate of SB210.

HB273 (and its duplicate SB78) would amend Section 60-6A-4 NMSA 1978 to include the sale of spirituous liquors distilled and bottled in New Mexico, in addition to beer and wine, under restaurant licenses within certain geographic limits in a local option district. Currently restaurant licenses only allow the sale of beer and wine. It appears to be a duplicate of SB78

SB19 would amend Section 60-6B-12 NMSA 1978 to allow a licensee with any dispenser's license transferred outside its local option district to select either to (1) sell, serve, or permit the consumption of alcoholic beverages by the drink on the licensed premises; or (2) sell alcoholic beverages in unbroken packages. Currently, dispenser's licenses transferred outside its local option district only entitles the licensee to sell, serve, or permit the consumption of alcoholic beverages by the drink.

SB79 would amend Section 60-6A-1 NMSA 1978 to allow for the issue, upon request of the governing body of the municipality, a municipal dispenser's license to the municipality, one for each 20,000 inhabitants of the municipality. A municipal dispenser's license would be used for the sole purpose of being leased to a qualified lessee. It is similar to HB271 but would allow for fewer municipal licenses due to the population ratio given in the bill.

OTHER SUBSTANTIVE ISSUES

DOH reports that New Mexico has the highest alcohol-related death rate in the nation (https://www.cdc.gov/pcd/issues/2014/13_0293.htm). In 2017, 1,461 people died of alcohol-related causes in New Mexico, which amounts to nearly four people dying of alcohol-related causes every day. (https://ibis.health.state.nm.us/indicator/view/AlcoholRelatedDth.Year.NM_US.html). Further, In addition, DOH notes there are significant racial disparities in alcohol-related deaths in New Mexico. In 2017, the age-adjusted alcohol-related death rate for American Indians in New Mexico was 171.6 deaths per 100,000 population compared to 61.9 deaths per 100,000 for Hispanics, 60.7 for Black/African Americans, 51.7 for Whites, and 15.5 for Asian/Pacific Islanders (2017 NMDOH BVRHS).

According to DOH, the cost of excessive alcohol in New Mexico was estimated to be \$2.2 billion in 2010. ([http://www.ajpmonline.org/article/S0749-3797\(15\)00354-2/fulltext](http://www.ajpmonline.org/article/S0749-3797(15)00354-2/fulltext)). These costs included law enforcement, hospitalizations, treatment, etc., and it is estimated that 40.9 percent of these costs in New Mexico are paid for by government.

DOH also calls attention to a review of ten studies assessing changes in the number of locations that sell alcohol (i.e. alcohol outlets) concluded that increases in the number of locations selling alcohol in a community resulted in increases in alcohol consumption and related harms, particularly interpersonal violence (<https://www.ncbi.nlm.nih.gov/pubmed/19944925>). If HB482 is enacted, DOH cautions, the density of potential alcohol outlets would double, and alcohol consumption and related harms would likely increase.

MD/sb/al