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FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/19
SPONSOR Soules **LAST UPDATED** _____ **HB** _____

SHORT TITLE Issuance of Liquor Dispenser’s Licenses **SB** 79

ANALYST Daly

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
Up to \$59.8	Up to \$59.8	Up to \$59.8	Recurring	General Fund
Unknown	Unknown	Unknown	Recurring	Local Government Funds

(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	Minimal	Minimal	Minimal	Minimal	Recurring	RLD Operating Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 271

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation & Licensing Department (RLD)
 Department of Finance & Administration (DFA)
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 79 creates a new “municipal dispenser’s license”. The license may be issued to a

municipality that is located in a local option district. One license may be issued for each 20 thousand inhabitants within each district, and can be used only for purpose of leasing to a qualified lessee; it cannot be transferred and does not expire. The lessee must be a qualified lessee who meets the qualifications for a dispenser's license under the Liquor Control Act, and who is subject to all the provisions of the Liquor Control Act including the duty to pay annual renewal fees. A lessee has no property interest in the license. The municipality is not liable for any violations, fees or taxes incurred by the lessee. If the license is revoked for violations of the Liquor Control Act, the license reverts to the municipality. The municipality may cancel the lease if the lessee fails to fulfill the requirements of the lease. The municipality is required to use to proceeds from the lease of the license to support economic development.

FISCAL IMPLICATIONS

DOH reports that according to the 2010 census, there are 11 municipalities whose population of at least 20 thousand would qualify them to request municipal licenses (for a total of 46 new licenses), including the cities of Albuquerque (27 licenses), Las Cruces and Rio Rancho (four licenses each), Santa Fe (three licenses), Farmington (two licenses), and Roswell, Clovis, Hobbs, Alamogordo, Carlsbad and Gallup (one each). Each license is subject to an annual renewal fee of \$1,300. The numbers in the Revenue Table above reflect the amount that may be generated by those fees, based on DOH's projection. Additionally, the creation of this new type of license which a municipality may lease likewise creates a new revenue source for local governments: lease proceeds, the amount of which, as reflected in the Revenue Table, is unknown.

Further, RLD advised in its analysis of a related bill (HB 271, which is identical except for the population threshold of 10,00 inhabitants for each license) there will be administrative costs associated with processing the newly created licenses, which LFC staff estimates as minimal.

SIGNIFICANT ISSUES

Section 2(C)(2) of this bill provides that the new license being created does not expire. This provision appears to conflict with other existing provisions in the Liquor Control Act cited by RLD in its HB 271 analysis, which declares that all licenses issued under that Act expire annually and need to be renewed, including governmental licenses. See Sections 60-6B-5 and 60-6A-10, NMSA 1978.

Additionally, RLD noted in its HB 271 analysis that, unlike the law governing governmental licenses, this new license is not required to be used for municipal purposes, but only to support economic development in the municipality. In contrast, existing law limits governmental licenses to "governmental facilities". See 60-6A-10. Thus, this new license could be used for non-governmental activities such as a bar or grocery or convenience store, which RLD suggested might significantly decrease the value of existing dispenser licenses. Further, the majority of new licenses authorized under this bill would be in population centers of the state where there already are a significant number of liquor licenses. Similarly, DFA notes that the limit on the number of governmental licenses that can be issued would not apply to this new type of license. See Section 60-6A-18, NMSA 1978.

DOH reports:

New Mexico has the highest alcohol-related death rate in the nation ([CDC](#)). 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 (New Mexico Department of Health, Vital Records, 2017 Death Data & CDC ARDI ([NCCD.CDC](https://www.nccd.cdc.gov))). The cost of excessive alcohol in New Mexico was estimated to be \$2.2 billion in 2010 ([AJP online](#)). 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. (<https://www.sciencedirect.com/science/article/pii/S0749379715003542>).

The number of locations that provide alcohol in a community (i.e. alcohol outlet density) is a strong predictor of alcohol-related harm. A review of 56 studies across four countries found that increases in alcohol outlet density were associated with increases in assault, aggravated violent crime, domestic violence, homicide, child abuse, and injury (Fitterer JL, *Front Public Health*, 2015). A national expert panel concluded that reducing alcohol outlet density was one of the most effective policy interventions to prevent excessive drinking and alcohol-impaired driving (Nelson TF, *Am J Prev Med*, 2013). The Community Preventive Services Task Force recommended regulating alcohol outlet density because of its strong relationship with excessive alcohol consumption and alcohol-related harm (<http://www.thecommunityguide.org/alcohol/outletdensity.html>).

PERFORMANCE IMPLICATIONS

DOH reports that this bill relates to Result 1 of its strategic plan, which is improved health for New Mexicans. It also notes that its strategic plan for FY 19 includes substance misuse as one of four population health priorities, and excessive alcohol is part of that. Under indicator 1.1, the alcohol-related death rate per 100,000 population is included.

RELATIONSHIP

This bill is identical to HB 271 except that that bill requires a population of 10 thousand per license, while this bill sets a higher threshold of 20 thousand inhabitants.

OTHER SUBSTANTIVE ISSUES

RLD noted that while Section 2(E) requires the proceeds of leasing a municipal dispenser's license be used to support economic development in its jurisdiction, it does not require compliance with or otherwise reference the provisions of the Business Improvement Act. See Sections 3-16-1, et seq, NMSA 1978.

DOH advises there are significant disparities in alcohol attributable death in New Mexico (2017 NMDOH; CDC www.cdc.gov/alcohol/ardi.htm). The alcohol attributable death rate among American Indians and Alaska Natives (171.6 deaths per 100,000 population) was more than three times higher than the rate among non-Hispanic whites (51.7 deaths per 100,000 population) in 2017. The rate among Hispanics (61.9 deaths per 100,000 population) was also higher than the rate among non-Hispanic whites in 2017.