

LFC Requester:	Eric Chenier
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply: **Date** February 21, 2015
Original **Amendment** **Bill No:** HB 550-305
Correction **Substitute**

Sponsor: Rep. Patricia A. Lundstrom **Agency Code:** Attorney General's Office
Short Prohibit Sale of Powdered **Person Writing** Mona Valicenti, AAG
Title: Alcohol **Phone:** 827-6994 **Email** mvalicenti@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General's Opinion nor an Attorney General's Advisory Letter. This is a staff analysis in response to an agency's, committee's, or legislator's request.

BILL SUMMARY

Synopsis:

HB 550 enacts a new section in Chapter 60, Article 7A, making it unlawful to use, purchase, sell, possess or offer for use, purchase or sale "powdered alcohol" defined as alcohol prepared or sold in powder form for direct use or reconstitution. The new section makes it unlawful for a person licensed to sell alcohol to use powdered alcohol in the preparation of alcoholic beverages. Any person violating these provisions is guilty of a fourth degree felony and shall be sentenced pursuant to Section 31-18-15.

HB 550 also contains an emergency provision making the section effective immediately due to public peace, health and safety concerns.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

Powdered alcohol was briefly approved by the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) for a couple of weeks in April 2014, but, citing an error on the proposed product label, TTB rescinded the decision. Powdered alcohol comes in packets weighing an ounce and when dissolved in water is equivalent to one shot of alcohol. Some states have already enacted legislation banning the sale and consumption of 'Palcohol' in anticipation of its reaching the markets this spring; several other states are enacting similar legislation. As of today, the states of Louisiana, Michigan, Minnesota, New Jersey, New York, Ohio, South Carolina, Vermont and Virginia have enacted legislation banning the sale of powdered alcohol. Colorado, Illinois, Nebraska and Utah are planning on enacting similar legislation.

Powdered alcohol has been developed by an Arizona entrepreneur especially for hikers, campers and outdoor enthusiasts, citing to the convenience and lightweight of the product. When mixed with water, Palcohol will create an instant cocktail, according to the company's website and YouTube video. The powder comes in a packet that weighs about an ounce and is equivalent to one shot of alcohol when dissolved in water.

Opponents of powdered alcohol cite to the danger of misuse by young people snorting the crystallized product resulting in severe harm, or even death, as well as the possibility of spiking someone's drink.

Proponents cite to the benefits of carrying the lighter product by outdoor enthusiasts, lighter cargo on airplanes resulting in fuel savings; they counter the argument that powdered alcohol would be smuggled onto prohibited venues by noting the size of the packet it comes in, 4 X 6 inches, as opposed to miniature bottles, the difficulty of spiking someone's drink as the crystals need to be stirred for at least 30 seconds to dissolve etc. Finally, the sale of powdered alcohol would be regulated as any other liquor sale and could only be sold legally to people 21 and older.

<http://www.governing.com/topics/health-human-services/gov-states-head-off-sales-of-new-powdered-alcohol-product.htm>

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A