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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 212

SHORT TITLE: Ski Area Equipment Sale Gross Receipts

SPONSOR: Hamblen

LAST UPDATE: _____ **ORIGINAL DATE:** 2/4/2026 **ANALYST:** Francis

REVENUE* (dollars in thousands)

| Type | FY26 | FY27 | FY28 | FY29 | FY30 | Recurring or Nonrecurring | Fund Affected |
|-------------|------|-------------|-------------|-------------|-------------|---------------------------|---------------|
| GRT – state | | (\$1,475.9) | (\$1,475.9) | (\$1,475.9) | (\$1,475.9) | Recurring | General Fund |

Parentheses indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| Agency/Program | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------|--------|------|-------------------|---------------------------|---------------|
| TRD | | \$50.0 | | \$50.0 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Tourism Department

Agency or Agencies That Were Asked for Analysis but did not Respond

Taxation and Revenue Department

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from Taxation and Revenue Department. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 212

Senate Bill 212 (SB212) provides an exemption from state gross receipts tax (GRT) for construction projects in ski areas. The exemption would be separately reported and included in the annual tax expenditure report. The exemption applies to qualified ski area equipment sold by a person engaged in the construction business. Qualified equipment includes heavy equipment used on a ski area, such as trail groomers, bulldozer, front-end loader, skid steer used for trails,

and snowmaking systems. Construction material and services sold to ski areas are included under existing construction GRT deductions. Ski area means property owned, permitted, or leased by a ski operator.

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

The largest capital cost for a ski area, outside of lodges, parking, and restaurants, is for ski lift infrastructure. The analysis uses data from Ski New Mexico and individual websites for ski area stats and industry averages for equipment.¹

- Assuming a life span of 10 years and an average cost of \$5 million, replacement of New Mexico's 44 lifts at the eight ski areas would cost \$22 million and generate \$924 thousand in GRT.
- Assuming two trail grooming operations per 100 acres, a lifespan of five years, and a cost of \$250 thousand, the total cost of grooming equipment is \$4.3 million annually, generating \$181.5 thousand for state GRT.
- The estimate for snowmaking equipment assumes an average of one system per trail at a cost of \$30 thousand, a lifespan of five years, and costs \$3.3 million annually, generating \$137.5 thousand in state GRT.
- Finally, using data from other ski resorts and reported investments, the estimate assumes base area and facility construction would generate an additional \$232.6 thousand annually in state GRT.

Total annual fiscal impact is estimated at \$1.5 million in annual reduction in state GRT. Local GRT is not exempted.

This bill creates or expands a tax expenditure. Estimating the cost of tax expenditures is difficult. Confidentiality requirements surrounding certain taxpayer information create uncertainty, and analysts must frequently interpret third-party data sources. The statutory criteria for a tax expenditure may be ambiguous, further complicating the initial cost estimate of the fiscal impact. Once a tax expenditure has been approved, information constraints continue to create challenges in tracking the real costs (and benefits) of tax expenditures.

SIGNIFICANT ISSUES

The Tourism Department (NMTD) notes that New Mexico ski areas have made large investments recently, including new lifts at Angel Fire, Ski Santa Fe, and Sipapu:

New Mexico's ski areas have been investing heavily in infrastructure in recent years, with Angel Fire, Ski Santa Fe, and Sipapu notably adding new lifts to improve the visitor experience. These improvements make ski areas more competitive within New Mexico and with other states and encourage repeat visitation through positive experiences. Snowmaking infrastructure improvements also help to keep New Mexico competitive despite the unpredictability of winter precipitation.

¹ [Ski New Mexico | Home](#)

This bill narrows the gross receipts tax (GRT) base. Many New Mexico tax reform efforts over the last few years have focused on broadening the GRT base and lowering the rates. Narrowing the base leads to continually rising GRT rates, increasing volatility in the state’s largest general fund revenue source. Higher rates compound tax pyramiding issues and force consumers and businesses to pay higher taxes on all other purchases without an exemption, deduction, or credit.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is met with the bill’s requirement to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the exemption and other information to determine whether the exemption is meeting its purpose.

ADMINISTRATIVE IMPLICATIONS

The Taxation and Revenue Department (TRD) would require budget for staff time and processing costs. LFC, based on other analyses, assumes \$50 thousand in nonrecurring expenses.

OTHER SUBSTANTIVE ISSUES

In assessing all tax legislation, LFC staff considers whether the proposal is aligned with committee-adopted tax policy principles. Those five principles:

- **Adequacy:** Revenue should be adequate to fund needed government services.
- **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
- **Equity:** Different taxpayers should be treated fairly.
- **Simplicity:** Collection should be simple and easily understood.
- **Accountability:** Preferences should be easy to monitor and evaluate.

In addition, staff reviews whether the bill meets principles specific to tax expenditures. Those policies and how this bill addresses those issues:

| Tax Expenditure Policy Principle | Met? | Comments |
|---|-------------|---|
| Vetted: The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters. | | |
| Targeted: The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals. Clearly stated purpose Long-term goals Measurable targets | ✖ ✖ ✖ | No goal noted |
| Transparent: The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies | ✓ | Included in tax expenditure report |
| Accountable: The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date. Public analysis | ✓ | Separately reported exemption is more transparent |

| | | |
|--|----------------|--|
| Expiration date | x | |
| Effective: The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions “but for” the existence of the tax expenditure. Fulfills stated purpose Passes “but for” test | x x | Ski areas have to invest to maintain competitiveness |
| Efficient: The tax expenditure is the most cost-effective way to achieve the desired results. | x | |
| Key: ✓ Met x Not Met ? Unclear | | |

NF/hg/sgs