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FISCAL IMPACT REPORT

SPONSOR:	Taylor, J.G.	DATE TYPED:	02/11/00	HB	435/aHTRC
SHORT TITLE:	Athletics Facilities Financing Fund			SB	
				ANALYST:	Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring	Fund
FY00	FY01	FY00	FY01	or Non-Rec	Affected
	\$ (1,300.0)		\$ (373.4)	Recurring	State Park Improvement GGRT Fund
	\$ (1,866.0)			Recurring	Youth Conservation Corps GGRT Fund
		See Narrative		Recurring	New Athletic Facility Financing Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	\$ (1,300.0)	See Narrative	Recurring	State Park Improvement GGRT Fund
	\$ (1,866.0)		Recurring	Youth Conservation Corps GGRT Fund
				New Athletic Facility Financing Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to House Bill 65

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)

Energy, Minerals & Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HTRC Amendment

House Taxation and Revenue Committee amendment to House Bill 435 redirects all remaining Governmental Gross Receipts Tax, after debt service is paid on the Athletic Facility Financing Fund bonds, to go to the Youth Conservation Corps (YCC) program. The original bill proposed to split the estimated revenue stream of \$1.18 million per year between the State Parks Division (\$705.0) and the YCC (\$470.0). The amendment redirects the entire \$1.18 million to the YCC.

Synopsis of Bill

House Bill 435 amends the New Mexico Finance Authority Act to create the Athletic Facilities Financing Fund (AFFF) to be administered by the NMFA. The bill also authorizes the issuance of bonds payable from the AFFF in an amount not to exceed \$18,000.0 to finance the design, construction, renovation, expansion, improvement, completion, and equipping of athletic facilities. The effective date of the provisions of the bill is July 1, 2000.

Significant Issues

The bond proceeds authorized in House Bill 435 would be for the following amounts and athletic facilities:

- \$7.5 million for renovation and expansion of UNM's stadium in Albuquerque;
- \$7.5 million for improvement and renovation to NMSU's athletic facilities in Las Cruces;
- \$1 million to complete WNMU football stadium in Silver City;
- \$1 million to improve NMHU's athletic facilities in Las Vegas; and
- \$1 million to improve ENMU's athletic facilities in Portales.

House Bill 435 amends the Governmental Gross Receipts Tax (GGRT) distribution by redirecting the 25% of the GGRT, currently allocated to the EMNRD, to the Public Project Revolving Fund (PPRF). The monies will first pay debt service on outstanding Parks Department bonds, and the balance will transfer to the AFFF monthly. The bill also includes a pledge to bond holders that the state will not limit, reduce, alter or exempt any of the receipts or activities of governmental entities currently subject to paying GGRT, unless bonds backed by this source have been fully discharged. A provision has been made for their full discharge.

At the end of the fiscal year, after all bond and administrative obligations are paid, the balance in the AFFF is transferred to the EMNRD to the following percentages and programs:

- 40% for activities under the New Mexico Youth Conservation Corps Act; and
- 60% for the State Park Capital Improvements projects.

Upon full discharge of the AFFF bonds, the 25% GGRT distribution is redirected back to EMNRD.

According to EMNRD, the result of redirecting the 25% of the GGRT to the newly created athletic facilities financing fund would end state park capital improvement funding and would eliminate the statewide Youth Conservation Corps program. The agency indicates that approximately 400 jobs and training/career opportunities for New Mexico youth each year would be eliminated, and needed projects on public lands, waters and improvements to parks statewide would not be completed.

FISCAL IMPLICATIONS

The current annual total revenues to the State Parks Division and Youth Conservation Corps from the GGRT fund are \$4,666.0. Sixty percent of the amount (\$2,800.0) is used to fund the state park capital improvement program and for debt service repayment. The other 40% (\$1,866.0) is used to fund the Youth Conservation Corps program. Of the \$4,666.0 in total GGRT revenue, \$1,500.0 must remain to retire previously issued bonds. The balance of \$3,166.0 would be transferred to the new athletic facilities financing fund to be administered by the NMFA. After all bond debt service and costs of issuance are paid for the newly created AFFF, the NMFA estimates that approximately \$1.17 million will revert to EMNRD, of which approximately \$705.0 will go for parks purposes and \$470.0 will go for Youth Conservation Corp purposes. The Parks Division expresses concern that if state park capital improvement funding for the fifth year of the program is eliminated, future revenues derived from user fees would be reduced because visitation will decrease as facilities deteriorate.

ADMINISTRATIVE IMPLICATIONS

According to EMNRD, two FTE associated with the Youth Conservation Corps program could be eliminated with the passage of House Bill 435 since the program would be eliminated.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 435 conflicts with a provision in House Bill 65, NMFA's PPRF loan authorization bill. House Bill 65 provides legislative authorization for a loan from the NMFA to the Parks Division for a fifth year of statewide parks capital projects. If House Bill 435 is enacted, the revenue stream that the Parks Division would have used to pay for those projects will be redirected effective July 1, 2000.

LMK/gm