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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 1/29/03 HB 65

SHORT TITLE: Tourism Advertising & Promotion SB _____

ANALYST: Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$2,000.0		See Narrative	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
 Energy, Minerals, and Natural Resources Department
 Tourism Department

SUMMARY

Synopsis of Bill

House Bill 65 appropriates \$2 million from the general fund to the Tourism Department for the purpose of tourism advertising and promotion.

Significant Issues

FISCAL IMPLICATIONS

The appropriation of \$2,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY04 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The Tourism Department indicates they have the administrative infrastructure in place to administer this appropriation and project. The department anticipates minimal additional funds will be spent for administrative costs.

OTHER SUBSTANTIVE ISSUES

The Energy, Minerals and Natural Resources Department (EMNRD) points out the appropriation does not include funding for state parks advertising and promotion. State parks are a large part of the tourism industry in New Mexico. Based on information from a 2002 New Mexico State University survey, state park visitors contributed over \$104,000.0* to local economies. Approximately 70 percent of the state's population is located in communities within two to 40 miles of a state park. These communities derive an economic benefit from over four million visitors to the state parks. The department requests that a portion of this appropriation be directly allocated to state parks advertising and promotion and recommends that EMNRD and the Tourism Department work closely together to provide comprehensive advertising and promotion.

The Tourism Department notes that department experience and industry research have indicated an eight to one return in advertising and marketing to tourism visitations and this bill will help to increase those numbers, which will also help improve the agency's performance measures pertaining to advertising.

* This amount was calculated by EMNRD based on actual numbers, however, due to the small sample size, it is a conservative estimation.

KBC/njw