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FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 2/14/03 HB _____

SHORT TITLE: Convention Center Financing Act SB 1a/SPAC

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$1,100.0	\$1,133.0	Recurring	Local Govern- ment

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

Department of Economic Development
Las Cruces Convention and Visitor Bureau

SUMMARY

Senate Public Affairs Committee Amendment

The Senate Public Affairs Committee amendment changes from 10 percent to five percent the maximum amount that can be used for administrative costs if two local entities have entered into a joint powers agreement under provisions of SB1a.

Synopsis of Original Bill

Senate Bill 1 authorizes “qualified municipalities” to impose a convention center fee on vendees for the use of lodging facilities. Qualified municipalities are required to reside in Class A counties with a 2000 census population of more than 70,000 but less than 100,000 (Las Cruces). The fees are impose at a rate of up to \$2.50 per day on any room that is (are) occupied by the same individual(s) 29 consecutive days or less. The local governmental entity shall adjust the amount of the fee by “ordinance” to result in a an amount of revenue equivalent to a percentage of the actual operating and maintenance costs for the preceding fiscal year of “the” convention center. The percentages as follows:

- 1) Through fiscal year 2025, one hundred twenty percent (120%),
- 2) For fiscal year 2026, one hundred percent (100%), and
- 3) For fiscal year 2027 and subsequent fiscal years, a percentage that is two (2%) less than the prior fiscal year.

SB 1 also authorizes qualified municipalities who have imposed a convention center fee to issue “Revenue Bonds” to defray wholly or in part the costs associated with the convention center. These Revenue Bonds may be payable from and payment may be secured by a pledge of and lien on the revenue derived from:

- 1) The proceeds for the convention fee,
- 2) The convention center to which the bonds pertain,
- 3) That portion of the proceeds of the occupancy tax available for payment of revenue bonds (paragraph (1) of subsection B of Section 3-38-23 NMSA 1978),
- 4) Any other legal available revenues of the qualified municipalities, or
- 5) Any combination of revenues listed.

This bill also provides for the penalties.

FISCAL IMPLICATIONS

According to estimates by the Las Cruces Convention and Visitor’s Bureau the \$2.50/room per night is anticipated to generate approximately \$1.1 million per year based on 437,000 room nights at 2200 locations in 2005-06.

OTHER SUBSTANTIVE ISSUES

In December 2002, Jones, Lang LaSalle Hotels recommended the following for a convention center in Las Cruces:

- 80,000 sq. ft. facility to include 40,000 sq. ft. net meeting space and 25,000 sq. ft. exhibit hall;
- 94,000 additional room nights three years after opening;
- \$20.0 million projected project cost to include land, facility and soft costs;
- \$300,000 annual operating cost (three years after opening);
- \$1.3 million annual debt service*.

Las Cruces will devote additional revenues from the lodgers' tax to cover debt service. Lodgers' tax is estimated at \$1.3 million in 2005-06.

* Debt Service is based on \$20.0 million project at 4.5 percent for 25 years.

POSSIBLE QUESTIONS

Have other financing avenues been explore via the New Mexico Finance Authority?

SN/yr/njw

