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FISCAL IMPACT REPORT

SPONSOR: Saavedra DATE TYPED: 2/25/03 HB 932

SHORT TITLE: Athletic Competition Gross Receipts SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(60.0)	(65.0)	Recurring	General Fund
	(39.0)	(42.0)	Recurring	Local Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

TRD

SUMMARY

Synopsis of Bill

House Bill 932 would allow a deduction for receipts from promoting live professional boxing contests currently subject to the privilege tax imposed by Section 60-2A-23 NMSA 1978.

FISCAL IMPLICATIONS

TRD relied on the Athletic Commission of the New Mexico Regulation and Licensing Department. They reported that collections from the 4% privilege tax are quite volatile, but average about \$70 thousand per year. Accordingly, this estimate assumes that promoters will generate roughly \$1.75 million in taxable gross receipts in fiscal year 2004.

RELATIONSHIP

Senate Bill 700 provides a gross receipts tax exemption for receipts of a promoter from a professional contest subject to the privilege tax on promotions.

OTHER SUBSTANTIVE ISSUES

TRD points out that the “privilege tax” of 4% of gross receipts from professional athletic competitions is appropriated to the New Mexico Athletic Commission, and is used by that commission in regulating and licensing the industry. Thus, the 4% privilege tax may be considered a cost of doing business as a promoter, not a general tax. The gross receipts tax, simultaneously imposed on professional athletic competitions is the contribution of the activity to the general support of government services, including public schools, higher education, courts and corrections, among other state and local government services.

SS/njw