

**NOTE:** As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR: Robinson DATE TYPED: 2/24/03 HB \_\_\_\_\_

SHORT TITLE: Professional Promotion Gross Receipts SB 700

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
	*	*	Recurring	Athletic Commis- sion

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Responses Received From

TRD

### SUMMARY

#### Synopsis of Bill

Senate Bill 700 would exempt receipts from promoting live professional boxing contests currently subject to the privilege tax imposed by Section 60-2A-23 NMSA 1978 (Privilege Tax on Promotions). The measure would also amend Section 60-2A-23 to increase the privilege tax imposed on promoters from four to five percent of total gross receipts from professional contests conducted live in New Mexico. The measure would, in addition, limit the five percent tax imposed for the privilege of exhibiting live professional contests on closed-circuit telecasts or motion pictures by preventing the tax from being imposed on more than \$1 million in gross receipts.

### FISCAL IMPLICATIONS

Gross receipts tax impacts of this proposal are as shown. TRD did not estimate fiscal impacts associated with amendments to the privilege tax. The Athletic Commission of the New Mexico

Regulation and Licensing Department reports that collections from the 4% privilege tax are quite volatile, but average about \$70 thousand per year. Hence this estimate assumes that promoters will generate roughly \$1.75 million in taxable gross receipts in fiscal year 2004.

**OTHER SUBSTANTIVE ISSUES**

TRD notes 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