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## FISCAL IMPACT REPORT

SPONSOR: Sanchez, B. DATE TYPED: 03/05/03 HB \_\_\_\_\_

SHORT TITLE: Hospitality Fee Act SB 792/aSCORC

ANALYST: Padilla

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	Indeterminate— See Narrative		Recurring	Local Government

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB1, HB 876

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Finance and Administration  
City of Albuquerque

### SUMMARY

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment establishes that the revenue Albuquerque generates as a result of the “hospitality fee” can be used to contract with organizations, whether non-profit or for-profit, for advertising and public relations services. The original bill limited the contracts to non-profit organizations. Fifty percent of the revenue can be used for such purposes.

#### Synopsis of Original Bill

Senate Bill 792 authorizes certain municipalities to impose a “hospitality fee” on the users of tourist accommodations. Fifty percent of the proceeds from the fee shall be used to finance improvements to a municipal convention center; the remaining fifty percent are to be used for mar-

keting the municipality and its facilities. The municipality must be in a Class A county with a 2000 census population of over 250,000. The hospitality fee cannot exceed more than one percent of the gross room revenue per day. "Tourist accommodation" is defined broadly and includes temporary stays at hotels, motels, apartments, trailer courts, etc.

The bill requires the municipality to report quarterly to DFA on collection and expenditure of the hospitality fee revenue. The bill establishes the requirements of the ordinance needed by the municipality to administer a hospitality fee. The bill provides penalties that the municipality can impose on persons failing to pay the fee or otherwise violating the hospitality fee ordinance.

The bill allows the municipality to issue revenue bonds to pay for the improvements to the convention center.

The bill is to be repealed July 1, 2013.

### Significant Issues

The municipality that meets the definition given in the bill is Albuquerque. According to the City of Albuquerque, the Central New Mexico Innkeepers association has proposed and supports this bill. The revenue is required to make needed capital improvements to the Albuquerque Convention Center, including such upgrades as high-speed telecommunications connections. In order to attract large conventions and other meetings, such improvements are believed necessary.

The revenue would also be used to market Albuquerque for tourism and convention activities. Albuquerque would be able to use the revenue to contract with non-profit organizations for such services.

The City of Albuquerque notes that the hospitality fee created by this bill is an industry-supported "self-tax."

### **FISCAL IMPLICATIONS**

Revenue estimates from a one-percent hospitality fee in Albuquerque were unavailable.

### **RELATIONSHIP**

SB 1 and HB 876 also allow certain municipalities to impose fees for the financing of new convention center facilities or the improvement of existing facilities. SB 1 applies to a new convention center in Las Cruces. HB 876 applies to the construction of a civic and convention center in Santa Fe.

LP/prr