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## FISCAL IMPACT REPORT

SPONSOR: Boitano DATE TYPED: 03/12/03 HB \_\_\_\_\_

SHORT TITLE: Raffles & Door Prizes SB 873

ANALYST: Gonzales

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
		Possibly Significant	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Responses Received From  
 Gaming Control Board  
 Attorney General

### SUMMARY

#### Synopsis of Bill

Senate Bill 873:

- Amends the Criminal Code to allow a lottery for which the prize of each ticket is \$5.00 or less and the combined cash retail value of non-donated prizes awarded at any one event is \$1,000;
- Amends the Bingo and Raffle Act to create an exemption for those types of lotteries;
- Amends the Gaming Control Act to provide that the definition of “game” does not include a lottery for which the price of each ticket is \$5.00 or less and the combined cash and retail value of non-donated prizes awarded at any one event is \$1,000 or less.

#### Significant Issues

The Gaming Control Board states that amending the Gaming Control Act to include exemptions for lotteries within the definition of “game” will have a significant adverse impact on the Gaming Control Board’s authority to license and regulate slot machines

## FISCAL IMPLICATIONS

See Attorney General comments under Significant Issues above.

## TECHNICAL ISSUES

The bill applies to certain lotteries, but does not define “lottery” in Section 3, which relates to the Gaming Control Act (see page 7, lines 7-10). In addition, the definition of “lottery” in the Criminal Code is essentially the same as “game” in the Gaming Control Act. If enacted, the bill would create serious licensing and regulatory issues under the Gaming Control Act. See below.

## OTHER SUBSTANTIVE ISSUES

The Gaming Control Board notes the following issues:

- The Gaming Control Act provides for licensing and strict regulation of manufacturers, distributors, and operators of video poker and slot machines. The Act also requires testing, approval and licensing of the games and gaming machines manufactured, distributed, and operated by licensees. **The amendment appears to allow unlicensed gaming machines in the state as long as the machine offers a game in which the amount wagered is \$5 or less and the prize does not exceed \$1,000.** While this probably was not the intent of the bill, the language creates that result. This is clearly contrary to the Gaming Control Act’s mandate to strictly regulate gambling in the State.
- The raffles, door prizes and other lotteries that fit within the parameters of the exception created by the bill are not subject to frequency restrictions, time restrictions, or other limitations established by statute and administrative rules to ensure lotteries are properly conducted.

According to the Gaming Control Board, it is not necessary to amend the Gaming Control Act to achieve the apparent purposes of this bill. If so, Section 3, which amends the Gaming Control Act, can be deleted in its entirety.

The Attorney General indicates this bill represents a major expansion of gambling within New Mexico. It would allow any person or entity to conduct an unlimited number of raffles with the only limit being the price of the ticket and the amount of the prize. This bill would authorize any person or entity to conduct a rolling raffle. For example, a private entity could advertise a for profit raffle game wherein tickets are sold for \$5.00. As soon as the private entity is satisfied that it has sold a sufficient number of tickets to make the profit it seeks, it can hold a drawing and award a \$1,000 prize. Immediately after the award of that prize, the entity could begin another raffle. New Mexico’s Indian gaming compacts currently allow limited expansion of off-reservation gaming without terminating the Tribes’ obligation to make revenue sharing payments. See 2001 Compact, Section 11 (D)(2). Passage of this bill could cause the Tribes to seek to terminate revenue sharing. Revenue sharing currently brings approximately \$30,000,000 to the State.

JMG/njw