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## FISCAL IMPACT REPORT

SPONSOR Taylor, JG      DATE TYPED 2/10/04      HB 355/aHTRC

SHORT TITLE Municipal Arena Funding Act      SB \_\_\_\_\_

ANALYST Wilson

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		See Narrative	Recurring	Municipal Governments

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation & Revenue Committee amendment changes the definition of a municipality from “a city located in a Class A county with a population of more than \$200,000 according to the 2000 federal decennial census” to “a city with a population of more than \$500,000 thousand according to the most recent census”. This will allow Las Cruces and Santa Fe to use the provisions of this bill if either wishes to finance a municipal arena. Without the amendment, only Albuquerque could have used the provisions of this bill.

#### Synopsis of Original Bill

House Bill 355 enacts the Municipal Arena Funding Act and has the following provisions:

- Authorizes municipalities to require vendors to collect a surcharge on revenues arising from activities at a municipal arena;
- Provides legislative authorization for the New Mexico Finance Authority to provide financing for a municipal arena;
- Exempts receipts subject to a surcharge from the Gross Receipts Tax (GRT) and the governmental GRT.

This bill has an emergency clause.

Significant Issues

The provisions of this bill allow a municipality to build a multi-use arena. It provides the mechanisms needed to finance a project such as this. It also allows the municipality to place a surcharge on vendors on revenues arising from activities at the arena to help the taxpayers of the city to recoup costs.

At the present time, Albuquerque is the municipality most likely to avail themselves of the opportunity to build an arena.

**FISCAL IMPLICATIONS**

Since this bill does not identify the surcharge rate or specifically define the contracts to which it is being applied, it is not possible to determine the fiscal impact.

A municipality using the provisions in this bill will incur a large debt in order to build an arena, but hopefully will increase its tax base through the economic development the arena will bring.

**DW/njw:lg**