

- House Taxation and Revenue Committee amendment to House Taxation and Revenue Committee substitute for House Bill 159 is stricken from the bill.
- *On page 1, line 25:* the language “one-half” is stricken and the language “one” is inserted in lieu thereof. The net effect of this amendment is to distribute one percent of the net receipts attributable to the gaming tax paid by racetrack operators pursuant to the provisions of this act.

Synopsis of HAFC Amendment

House Taxation and Revenue amendment to House Taxation and Revenue Committee substitute for House Bill 159 amends the legislation as follows:

- *On page 1, line 25 and on page 2, line 1:* removing the language “four percent” and inserting in lieu thereof the language “one percent.” (This amendment tracks with the original version of HB 159.)

Fiscal Impact

The TRD reports the estimated impact on revenue is based on the department’s Monthly Gaming Collection Report (NM_FR005). The estimated impact on revenues reflects a one percent distribution to the city of Sunland Park and the City of Ruidoso Downs. It is unclear if the one percent distribution would be made to the City of Albuquerque for the Albuquerque Downs. If so, then an additional forty thousand a year would be taken out of the General Fund to distribute to the City of Albuquerque.

Original Synopsis of Bill

House Taxation and Revenue Committee substitute for House Bill 159 – Relating to Gaming Taxation; Distributing a Percentage of the Gaming Tax Revenues Generated by Racetrack Gaming Operator Licensees to Municipalities that Surround the Racetracks or to Municipalities in which the Racetracks are Located to Provide Funds for Local Infrastructure and Services – seeks to create a new distribution equal to one-half of one percent of the net gaming tax receipts from a racetrack operator.

These distributions would be made to municipalities that surround the racetracks or to municipalities in which the racetracks are located. A municipality receiving a percentage of gaming tax revenues generated by a racetrack gaming operator licensee from a distribution pursuant to Section 1 of this 2005 Act shall use those revenues for acquisition, construction or improvement of local government infrastructure or for providing police and fire protection services

Significant Issues

HB159 HTRS creates a new distribution equal to one-half of one percent of the net gaming tax receipts from a racetrack operator. These distributions would be made to municipalities that surround the racetracks or to municipalities in which the racetracks are located. A municipality receiving a percentage of gaming tax revenues generated by a racetrack gaming operator licensee from a distribution pursuant to Section 1 of this 2005 Act shall use those revenues for acquisition, construction or improvement of local government infrastructure or for providing police and

fire protection services.

The provisions of the bill would apply to all of the state's five racetracks. The Gaming Control Board's staff analysis notes that licensed racetrack gaming operators pay the gaming tax directly to the Taxation and Revenue Department. The amount of gaming taxes paid by the individual racetracks is considered confidential tax information. The provisions of the Tax Administration Act apply to the collection and administration of the tax. The Taxation and Revenue Department would have to develop procedures for the distribution of the revenue and resolve any potential confidentiality conflicts.

FISCAL IMPLICATIONS

Using the department's Monthly Gaming Report (Nm_FR005), NMTRD projects recurring general fund losses as follows: \$846 thousand in FY06, \$879 thousand in FY07, \$915 in FY08 and further reductions in future years. The city of Sunland Park, on the other hand, receives revenue enhancements in these amounts during each of the fiscal years

ADMINISTRATIVE IMPLICATIONS

The administrative impact on the NMTRD and the NMGCB would be minimal.

LB/lg:yr