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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/2006

SPONSOR Trujillo LAST UPDATED _____ HB 785

SHORT TITLE Create Local Government Gaming Impact Fund SB _____

ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$4,400.0	Recurring	LGGIF

(Parenthesis () Indicate Expenditure Decreases)

Related to: SB 492

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(\$4,400.0)		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Gaming Control Board (GCB)

SUMMARY

Synopsis of Bill

House Bill 785 creates the Local Government Gaming Impact Fund (LGGIF) in the State consisting of appropriations, gifts, grants, donations, and bequests made to the fund. Money in the fund is appropriated to the Local Government Division (LGD) of DFA and any money in the fund shall not revert or be transferred to any other fund at the end of any fiscal year.

On July 1 of each year, an amount equal to ten percent of all revenue paid into the General Fund, during the previous fiscal year, pursuant to the Indian gaming revenue sharing agreements shall be transferred to the Local Government Gaming Impact Fund.

Distributions of the balance in the fund will be made every year (no later than July 31) to each county or municipality in which there is located an Indian casino.

FISCAL IMPLICATIONS

House Bill 785 transfers an amount equal to ten percent of the Indian gaming revenue sharing agreements to the LGGIF and thence to counties and municipalities where Indian casinos are located. The General Fund consensus revenue estimate of Indian gaming for FY 2007 is \$43.9 million. Ten percent of that amount is \$4.4 million.

The appropriation of contained in this bill is a recurring revenue loss to the General Fund.

Any unexpended or unencumbered balance remaining at the end any fiscal year in the LGGIF shall not revert or be transferred to any other fund.

SIGNIFICANT ISSUES

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

ADMINISTRATIVE IMPLICATIONS

House Bill 785 gives no direction in this bill for the uses of the proceeds that will be distributed to county and municipal governments.

RELATIONSHIP

Senate Bill 492 seeks five percent of the Indian gaming revenue sharing for tourism purposes.

OTHER SUBSTANTIVE ISSUES

If a casino is located in a city, the city receives 100 percent of the distribution with nothing going to the county. When a casino is not located in a city, the county receives all of the distribution. A casino located in a city would most likely impact the governmental resources of the resident county as well and perhaps some split of the distribution should be made city to county.

BMC/nt