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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06
 SPONSOR Papen LAST UPDATED 2/2/06 HB _____
 SHORT TITLE Nonathletic Event Admission Gross Receipts SB 116
 ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
		(56.3)	Recurring	Public Project Revolving Fund
		(7.5)	Recurring	Youth Conser- vation Corps
		(10.5)	Recurring	State Parks
		(0.8)	Recurring	Cultural Affairs Department

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 192.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Higher Education (DHE)

SUMMARY

Synopsis of Bill

Senate Bill 116 creates a new deduction from the gross receipts tax for receipts from admissions to non-athletic special events held at post-secondary institution venues within fifty miles of the New Mexico border that can accommodate at least 2,500 people.

The effective date of this bill is July 1, 2006.

FISCAL IMPLICATIONS

Using data provided by NMSA, TRD estimates that the new deduction will be eligible for \$75

thousand in receipts that are currently taxed under the governmental gross receipts tax. These receipts are currently taxed under governmental gross receipts tax because the events are sponsored by post-secondary educational institutions. Because of the way governmental gross receipts tax revenue is distributed, 75 percent of this loss will be to the public project revolving fund, 10 percent will be to the youth conservation corps program, 14 percent will be to the state park and recreation area capital improvements, and 1 percent will be to the cultural affairs department for capital improvements to state monuments.

This fiscal impact is not expected to occur until FY08 because NMSU's Pan American center, the main venue impacted by this bill, is being renovated.

SIGNIFICANT ISSUES

The receipts of any university that rents its venue to an event promoter will still be subject to the governmental gross receipts tax, found in Section 7-9-3.2 NMSA 1978.

ADMINISTRATIVE IMPLICATIONS

TRD reports that Senate Bill 116 will have a minimal administrative impact. CRS forms, instructions and publications will be revised and qualifying post-secondary institution venues will have to be identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 116 duplicates House Bill 192.

TECHNICAL ISSUES

TRD suggests that the bill would be clearer if the term "non-athletic special event" were defined.

POSSIBLE QUESTIONS

Post-secondary institutions include two-year colleges. Could any of these two-year institutions that are within 50 miles of the state border have venues that hold over 2,500 people?

SS/nt