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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/06

SPONSOR Sharer LAST UPDATED _____ HB _____

SHORT TITLE Amateur Sporting Event Gross Receipt SB 307

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(474.0)	(484.0)	Recurring	General Fund
	(316.0)	(322.0)	Recurring	Local Govern- ments

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB135.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 307 creates a new gross receipts tax exemption for receipts of refereeing, umpiring, scoring or other athletic officiating at amateur sporting events.

FISCAL IMPLICATIONS

TRD estimates that Senate Bill 307 will reduce gross receipts tax revenue by about \$790 thousand in FY07. About \$474 thousand of this revenue decrease will accrue to the general fund, and about \$316 thousand will accrue to local governments in which amateur sporting events occur. However, TRD believes this estimate understates the fiscal impact of the bill because it does not include fees paid for little league or other games played by organizations not affiliated with a school.

SIGNIFICANT ISSUES

Fees earned by sports officials on varsity, junior varsity, and junior high sporting events are set annually by the New Mexico Activities Association and vary for different events. Sports officials are also paid mileage of \$0.405 per mile and per diem of \$75 per day if the sports official spends the night away from home.

College sporting event officiating fees for New Mexico’s major universities are set by the Western Area Conference, the National Collegiate Athletic Association, or the University or College at which the game is played. Fees vary for different levels of play.

ADMINISTRATIVE IMPLICATIONS

TRD reports that Senate Bill 307 will have a moderate administrative impact. TRD will revise CRS forms, instructions and publications. TRD will also need to coordinate with the Public Education Department, the Western Area Conference and all other organizations that hold amateur sporting events to identify which events qualify for the new deduction.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 307 relates to Senate Bill 135, which creates a gross receipts tax deduction for receipts from refereeing, umpiring, and other activities at public high school sporting events.

TECHNICAL ISSUES

The bill does not define “amateur sporting events.”

OTHER SUBSTANTIVE ISSUES

TRD cautions that providing a tax deduction to a narrow group of individuals may lead to requests for deductions from other groups. This process has already led to a significant erosion of the gross receipts tax base. The narrower a tax base becomes, the higher the tax rate must be to ensure adequate revenue. In addition, a narrower tax base leads to greater revenue volatility.

SS/yr