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FISCAL IMPACT REPORT

SPONSOR Saavedra **ORIGINAL DATE** 2/19/07
LAST UPDATED _____ **HB** 851
SHORT TITLE New Mexico Bowl Sponsorship **SB** _____
ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$900.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates and relates to appropriations in House Bill 2, the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
Tourism Department (DOT)

SUMMARY

Synopsis of Bill

House Bill 851 appropriates \$900 thousand from the general fund to the Tourism Department for sponsorship of the New Mexico Bowl. Of this appropriation \$300 thousand is for expenditure in fiscal year 2007 and \$600 thousand is for expenditure in fiscal years 2008 and 2009. The bill declares an emergency.

FISCAL IMPLICATIONS

The appropriation of \$900 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

The New Mexico Bowl is owned by ESPN/Disney and is sanctioned by the National Collegiate Athletic Association (NCAA). The Tourism Department has signed a four-year contract with

ESPN to be the title sponsor of the bowl, thus giving it the name, “New Mexico Bowl.” As title sponsor, the state receives a share of the television advertising during the broadcast of the game. According to the Tourism Department, the New Mexico Bowl exposes the state to a national television market via ESPN. This sponsorship allows the department to expand its agency mission of marketing New Mexico as an enchanting destination to the world. NMTD supports any initiative that encourages visitation to the state.

The contractual obligation between the state and ESPN for title sponsorship of the New Mexico Bowl is approximately \$1.3 million, of which \$300 thousand is needed in FY07 for the bowl game played in December 2006.

The contract is contingent on state appropriation. Without funding from the state, the bowl game would find another title sponsor, and it doesn’t appear that the bowl game is dependent on state sponsorship.

The Tourism Department adds that not enacting this bill would severely limit the number of opportunities to affordably expose New Mexico to a national audience. Finally, NMTD may have to ask for a \$300 thousand deficiency in FY08 to pay for the game that already occurred in FY07.

PERFORMANCE IMPLICATIONS

The Tourism Department notes that this initiative positively affects three key performance measures: domestic market share, percent increase in lodger’s tax, and the impact of tourism in the state of New Mexico.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 2, the General Appropriation Act, provides a supplemental appropriation of \$300 thousand to the Tourism Department of the NM Bowl for FY07 and a special appropriation of \$500 thousand for advertising, including the NM Bowl campaign, for fiscal years 2007 and 2008.

OTHER SUBSTANTIVE ISSUES

The bowl game was originated by the New Mexico Sports Authority in conjunction with the Albuquerque Convention and Visitors Bureau. It is now under the control of the Tourism Department, which takes advantage of advertising, promotion and media exposure opportunities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The ESPN/Disney Corporation would continue to promote the bowl game, but without the assistance of additional state funding.