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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/07
 LAST UPDATED 3/01/07 HB _____

SPONSOR Taylor, J.

SHORT TITLE Boxing & Other Contest Gross Receipts SB 330/aSCORC

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$77.0)		Recurring	General Fund
	(\$52.0)		Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 352

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
 Regulation and Licensing Department (RLD)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 330 clarifies that the proposed deduction will only apply to contests taking place in New Mexico. This ensures the deduction will not apply to receipts from pay-per-view events that occur elsewhere but are broadcast in New Mexico.

Synopsis of Original Bill

Senate Bill 330 creates a new gross receipts tax deduction for receipts from producing or staging a professional boxing, wrestling, or martial arts contest, including the receipts from ticket sales and broadcasting.

The bill's provisions will become effective on July 1, 2007.

FISCAL IMPLICATIONS

TRD's fiscal impact estimate is based on information provided by the New Mexico Athletic Commission (NMAC) on the amount promoters receive from selling the rights to broadcast professional contests staged in New Mexico.

SIGNIFICANT ISSUES

This bill aims to bring additional boxing, wrestling and martial arts events to New Mexico. Currently, NMAC competes with neighboring states and tribal entities to host such sporting events in New Mexico. The receipts of tribal entities are not subject to taxation, so NMAC feels this bill will level the playing field.

Currently, about half of these professional sporting events that occur in New Mexico are regulated by the NMAC and about half occur at tribal facilities. NMAC reports that the share of these events occurring at tribal facilities has grown in recent years.

LFC notes that while individual deductions from the gross receipts tax may have small fiscal impacts, their cumulative effect significantly narrows the gross receipts tax base. Narrowing the gross receipts tax base increases revenue volatility and requires a higher tax rate to generate the same amount of revenue.

The bill will reduce local government gross receipts tax collections. Many of New Mexico's local governments are highly dependent on gross receipts tax revenue.

ADMINISTRATIVE IMPLICATIONS

The administrative impact on TRD will be minimal. Forms and instructions will be revised, taxpayer education materials must be prepared, and personnel must be trained.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 330 duplicates House Bill 352.

SS/mt