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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/07

SPONSOR Robinson LAST UPDATED _____ HB _____

SHORT TITLE Tourism Dept. Fund & Gaming Revenues SB 738

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$2,786.8)		Recurring	General Fund
	\$2,786.8		Recurring	Tourism Department Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 661, SB 647, HB 473

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Tourism Department

SUMMARY

Synopsis of Bill

Senate Bill 738 creates a distribution to tourism department in the amount of 5 percent of the net receipts of revenue sharing from tribal gaming facilities. This amount will be distributed to the newly-created tourism department fund, a non-reverting fund that will receive its own interest. The tourism department will be able to use this new appropriation without restriction.

The effective date of these provisions is July 1, 2007.

FISCAL IMPLICATIONS

Tribal gaming receipts to the general fund are expected to total \$54.3 million in FY08, \$57.1 million in FY09, and \$59.9 million in FY10. Five percent of this amount, \$2,716.8 thousand in FY08, \$2,852.6 thousand in FY09, and \$2,995.3 thousand in FY10, will be distributed to the

tourism department fund. This revenue distribution will be earmarked for appropriation to the Tourism Department.

Because the new fund created in the bill will accrue its own interest, general fund earnings will fall somewhat. DFA estimates interest earnings of about \$70 thousand per fiscal year will accrue to the newly-created tourism department fund instead of the general fund.

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.

SIGNIFICANT ISSUES

According to the Tourism Department, the new appropriation created in this bill will be used on direct print, web, and broadcast media aimed at increasing the number of visitors to New Mexico. The Tourism Department's Indian Tourism program consults with New Mexico's 22 tribes and statewide tribal organizations to develop and promote tribal tourism to the degree and manner desired by each tribe and organization. Tribes and tribal organizations receive assistance in tourism product development, promotion, and outreach.

The Tourism Department reports that New Mexico ranked 39th in terms of advertising, spending \$2.4 million on advertising in FY06.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 738 relates to House Bill 661 and Senate Bill 647, which create a distribution of tribal gaming revenue to the City of Espanola.

The bill also relates to House Bill 473, which distributes 10 percent of tribal revenue sharing payments to each of the 12 counties and one municipality in which a tribal gaming facility is located.

TECHNICAL ISSUES

The bill does not explicitly state who will be responsible for calculating the amount of the appropriation to be made to the affected municipality. Tribal revenue sharing payments are collected by the State Treasurer's Office and overseen by the State Indian Gaming Representative.

ALTERNATIVES

The Tourism Department could pursue funding for increased marketing activities through the traditional appropriations process. This alternative would allow the legislature to judge the merits of the funding each year.

SS/nt