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FISCAL IMPACT REPORT

SPONSOR	Sanc	hez, B.	ORIGINAL DATE LAST UPDATED	HB	
SHORT TITI	LE	Hospitality Fee Act	t Repeal Date	SB	1066/aSPAC/aSFL#1/aHTRC

Hospitality Fee Act Repeal Date SHORT TITLE

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropr	iation	Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

SOURCES OF INFORMATION LFC Files

Responses Received From City of Albuquerque Municipal League

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue amendment removes Senate Floor amendment #1.

Synopsis of SFL#1 Amendment

The Senate Floor amendment to Senate Bill 1066, as amended, reallocates revenue derived from the Hospitality Fee Act.

The Hospitality Fee Act states that a municipality may impose by ordinance a hospitality fee on the gross rent received by proprietors of tourist accommodations within the municipality in an amount not to exceed one percent of the gross rent.

The amendment states that proceeds from the hospitality fee shall be used as follows:

(1) 50% of the proceeds shall be used to equip and furnish a municipal convention center;

(2) 25% of the proceeds shall be used by the municipality to contract to purchase advertising that publicizes and promotes tourist-related attractions, facilities and events in the municipality and the county and tourist facilities or attractions within the area and

Senate Bill 1066/aSPAC/SFL#1/aHTRC- Page 2

(3) 25% of the proceeds shall be used to extinguish debt incurred by a municipality for a metropolitan court facility.

The 25% for the metropolitan court facilities is taken from the current law which allocates 50% to promote tourist related activities.

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 1066 moves the repeal date of the Hospitality Fee Act from July 1, 2038 to July 1, 2028. The amendment now extends the repeal date an additional 21 years instead of the original bill extension of 31 years.

Synopsis of Original Bill

Senate Bill 1066 extends the repeal date of the Hospitality Fee Act from July 1, 2013 to July 1, 2038.

FISCAL IMPLICATIONS

There is no fiscal impact to the State as a result of this bill. There would be a loss in revenues to the City of Albuquerque after July 1, 2013 if the Hospitality Fee Act is not extended.

SIGNIFICANT ISSUES

According to the Municipal League, Albuquerque is the only city imposing this hospitality tax. The City of Albuquerque raises almost \$2,000,000 a year through this tax and they estimate the increasing revenues from this tax are growing at least 10% a year.

This bill is being proposed six years before the expiration date because the City of Albuquerque needs to issue bonds that will extend beyond the current 2013 expiration date.

DW/mt