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## FISCAL IMPACT REPORT

SPONSOR Maestas LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/23/2023  
BILL  
SHORT TITLE Tourism Dept Sports Authority Division NUMBER Senate Bill 389  
ANALYST Dick-Peddie

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$0.0	\$200.0	\$200.0	\$600.0	Recurring	General Fund
<b>Total</b>						

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)

Tourism Department (NMTD)

## SUMMARY

### Synopsis of Senate Bill 389

Senate Bill 389 (SB389) would reinstitutes the Sports Authority Division of the Tourism Department and change the membership of the Sports Advisory Committee to consist of the lieutenant governor or designee and 10 governor-appointed members. A new stipulation is added that no more than five public members may be members of the same political party at the time of their appointment. The legislation also removes certain rule-making powers for the authority.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

The legislation does not contain an appropriation. The House Appropriations and Finance Committee substitute for House Bill 2 (the General Appropriations Act) does not contain funding

for the Sports Authority. Though the department received a recurring appropriation for the authority in the 2022 supplemental appropriation bill (“HB2 junior”), the governor vetoed legislation reinstating the Sports Authority, so the funding was reprioritized in the FY24 operating budget.

The additional operating budget impact reflects \$200 thousand, which includes \$100 thousand for a director of the division and \$100 thousand for other costs, including contracting and marketing. NMTD notes it has issued a request for proposals for a baseline economic impact assessment of sports in New Mexico using the FY22 supplemental general appropriation bill. The study’s scope of work includes infrastructure inventory for sporting facilities and the marketing outlook for the industry. Once the study has been completed, NMTD will have a better understanding of the sector’s capacity for growth, as well as the baseline economic impact of sports tourism to the state’s greater economy.

## **SIGNIFICANT ISSUES**

NMTD notes, while sports tourism may not be the highest value per-capita tourism sector, it has an important role in how communities structure their tourism marketing and planning. NMTD finds that communities such as Albuquerque, Hobbs, Farmington, Rio Rancho, and Sunland Park have made sports tourism a cornerstone of their planning efforts, but part of their success is due to already having the sports infrastructure to support events. NMTD notes the agency could assist in creating a broad “state sports tourism plan” to help other communities enter the sports tourism market. NMTD elaborates:

The success of sports tourism in the state is almost wholly dependent on infrastructure availability. It also depends on the ability to attract sporting groups over time. Often these groups plan years in advance; under current procurement regulations, NMTD as an entity would not be able to contract across fiscal years. This would require an escrow account with the treasury, or a similar mechanism, to be successful.

## **OTHER SUBSTANTIVE ISSUES**

NMTD notes the bill’s inclusion of high school sports may not completely align with the department’s mission:

Senate Bill 389 makes reference specifically to high school and collegiate sports. The emphasis of the sports authority division of NTMD would need to align with the department’s mission of growing New Mexico’s economy through tourism. Though increasing availability of collegiate and high school sporting opportunities is important for communities and New Mexico’s youth, it is outside of the department’s core mission. This goal is better suited to the Higher Education Department or the Public Education Department.