

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 4, 2024

Bill: HCEDC Sub. for **Sponsor:** Representative Martin R. Zamora
HB-159

Short Title: Gaming Expenses Calculation

Description: This committee substitute amends Section 60-2E-47 NMSA 1978 to remove allowable gaming expenses from the net take calculation for nonprofit gaming operator licenses. The bill also changes from 60% to 20% the balance of net take, after payment of the gaming tax and any income taxes, the amount a nonprofit gaming operator licensee must distribute for charitable or educational purposes.

Effective Date: July 1, 2024

Taxation and Revenue Department Analyst: Lucinda Sydow

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2024	FY2025	FY2026	FY2027	FY2028		
No impact						

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: The proposed changes have no fiscal impact on revenue from the gaming excise tax. The change impacts a nonprofit gaming operator’s statutory requirements for contributing to charitable or educational activities. The inclusion of “allowable gaming expenses” in the base amount on which that percentage is calculated will have no fiscal impact for the same reason.

Policy Issues: The New Mexico Gaming Control Board has stated that non-profit gaming operators have struggled financially to contribute 60% of the balance of their net take to charitable or educational activities.¹ Maintaining that percentage at 20% will enable continued financial solvency to provide charitable work with the remaining net take.

Technical Issues: None.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will update forms, instructions, and publications. Tax & Rev currently receives electronic reports from the Gaming Control Board and will work with them on any needed changes for that data exchange. Tax & Rev will train staff on the proposed change and provide taxpayer education.

¹ LFC HB-253 FIR, 2023 Legislative Session, <https://www.nmlegis.gov/Sessions/23%20Regular/firs/HB0253.PDF>