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## FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 3/16/03 HB 364/aHTRC

SHORT TITLE: Racetrack Gaming Revenue to Municipalities SB \_\_\_\_\_

ANALYST: Smith

### REVENUE

| Estimated Revenue |         | Subsequent<br>Years Impact | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------|---------|----------------------------|-------------------------|------------------|
| FY03              | FY04    |                            |                         |                  |
|                   | (200.0) |                            | Recurring               | General Fund     |
|                   | 200.0   |                            | Recurring               | Sunland Park     |

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment changes the distribution from 4% to 0.7%.

#### Synopsis of Original Bill

House Bill 364 makes a distribution to Sunland Park in an amount equal to four percent (4.0%) of the net receipts attributable to the gaming tax paid by the racetrack gaming operator licensee in that location. The revenue is to be used for acquisition, construction or improvement of local government infrastructure or for providing police and fire protection services.

### FISCAL IMPLICATIONS

The gaming tax imposed on for-profit gaming operator licensees is equal to twenty-five percent (25%) of their net take. The tax is equal to 10% of a non-profit licensee's net take. Gaming tax collections for fiscal year 2002 equaled nearly \$29 million. The consensus revenue estimating group expects net collections from the gaming tax to total \$42 million by fiscal year 2004. Under present law, 100% of gaming tax collections are directed to the state general fund.

**OTHER SUBSTANTIVE ISSUES**

- Section 60-1-15.2 NMSA 1978 guarantees that municipalities with horse racetracks operating within their boundaries receive at least \$50,000 to provide for additional municipal services required by the tracks. Section 60-1-15.2 provides a special distribution to make up any difference between the amount municipalities receive from local option gross receipts taxes imposed on horse racetracks and the guaranteed amount.
- This proposal would result in a significant increase in revenue for Sunland Park relative to revenue the city currently receives. Gross receipts tax revenue distributed to Sunland Park was just over \$2 million in fiscal year 2002.

**SS/yr:njw**