

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Nunez DATE TYPED: 2/28/03 HB 623/aHEC

SHORT TITLE: Tax on Admission to Non-Athletic Events SB _____

ANALYST: _Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(28.0)	(30.0)	Recurring	Youth Conservation Corps (EMNRD)
	(41.0)	(45.0)	Recurring	State Park & Rec. Capital Improve- ment (EMNRD)
	(206.0)	(225.0)	Recurring	Public Project Re- volving Fund (New Mexico Fi- nance Authority)

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
TRD

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment clarifies the amount of student association sponsorship.

Synopsis of Original Bill

House Bill 623 amends Section 7-9-3.2 to exclude admissions to non-athletic special events sponsored by the student association of a post-secondary educational institution from the definition of governmental gross receipts (GGRT).

FISCAL IMPLICATIONS

TRD notes that in fiscal year 2002, post-secondary institutions generated roughly \$36 million in revenue from admissions to athletic and entertainment events. This translated to more than \$1.8 million in GGRT collections. The provisions of this bill allow a non-athletic event sponsored by a student association to be excluded from the GGRT base. Hence, a post-secondary institution could avoid GGRT on receipts from a concert, play or similar activity, simply by including the student association as a nominal “sponsor”. Most of the GGRT revenue from post-secondary institutions is assumed to be derived from athletic event admissions fees, so the potential fiscal impact is limited. The fiscal impact presented above assumes approximately \$6 million will no longer be subject to GGRT.

Governmental gross receipts tax revenue is distributed 75% to NMFA for the public project revolving fund, 15% to the Energy, Minerals and Natural Resources Department (EMNRD) for state park capital improvements, and 10% to EMNRD’s youth conservation corps program.

OTHER SUBSTANTIVE ISSUES

- Student associations are not considered government entities for the purpose of the governmental gross receipts tax. Therefore, no governmental gross receipts tax is owed on receipts accruing to a student association.
- Net receipts attributable to the GGRT totaled nearly \$21 million in fiscal year 2002. Most of the revenue is derived from utilities owned or operated by local governments.

SS/sb/lj/njw :yr