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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 02/25/03 HB 876
 SHORT TITLE: Civic and Convention Center Funding Act SB _____
 ANALYST: Padilla

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$1,000.0		Recurring	Local Government

(Parenthesis () Indicate Revenue Decreases)

Relates to SB 1, SB 792

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Department of Finance and Administration
 Economic Development Department
 Tourism Department
 City of Santa Fe

SUMMARY

Synopsis of Bill

House Bill 876 authorizes certain local government entities to impose a fee on the users of lodging facilities for the purpose of financing the design, construction and furnishing of a new civic and convention center and an adjoining parking garage. The local government entities are: 1) an incorporated municipality in a Class A county with a 2000 census population of between 50,000 and 70,000 if the city council has authorized the construction of a civic and convention center; 2) the county where the incorporated municipality listed above is located, provided that the county and the municipality have entered into a Joint Powers Agreement for the collection and expenditure of the revenue.

The lodgers' fee cannot exceed more than one percent of the gross room revenue per day. The fee can be imposed only for the period necessary to cover payment on revenue bonds issued to finance the convention center and cannot exceed thirty years. Several exemptions from the lodgers' fee are provided, including very small facilities.

The bill authorizes qualified municipalities who have imposed a convention center fee to issue revenue bonds to defray the costs associated with the construction and equipping of the center.

The bill provides penalties that local governments can impose on persons failing to pay the fee or otherwise violating the convention center fee ordinance.

Significant Issues

The municipality that meets the definition given in the bill of "qualified municipality" is Santa Fe. According to the City of Santa Fe, a community task force has reached agreement to build a new civic and convention center where Sweeney Center currently stands. A parking structure will be built also, with the participation of Santa Fe County. The first phase of the project—the convention center—is expected to cost \$30 million, while the underground parking structure is expected to cost \$14 million.

The new center will be financed through the means authorized by this bill: a one-time, special use fee of 1 percent of the value of lodging, to be paid by the users of lodging facilities.

FISCAL IMPLICATIONS

According to the City of Santa Fe, the 1 percent fee will bring in \$1,000.0 per year in new revenue. The City of Santa Fe already imposes a lodger's tax of 1 percent; that revenue is already dedicated to the financing of the "bricks and mortar" elements of the new center.

RELATIONSHIP

SB 1 and SB 792 also allow certain municipalities to impose fees for the financing of new convention center facilities or the improvement of existing facilities. SB 1 applies to a new convention center in Las Cruces. SB 792 applies to the improvement of the Albuquerque Convention Center.

POSSIBLE QUESTIONS

1. Have other financing options been explored via the New Mexico Finance Authority?

LP/sb