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# FISCAL IMPACT REPORT

SPONSOR:	Papen	DATE TYPED:	2/25/03	HB	
SHORT TITLE	E: Tax on Admission to	Non-Athletic Ever	nts	SB	766
			ANAL	YST:	_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 Revolving Fund (New Mexico Finance Authority)

(Parenthesis ( ) Indicate Revenue Decreases)

**Duplicates HB623** 

### **SOURCES OF INFORMATION**

Responses Received From

**TRD** 

### **SUMMARY**

Synopsis of Bill

Senate Bill 766 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/ls:njw