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FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/11

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Racing Commission Sunset & Fair Tax Delay SB 114

ANALYST Burrows

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Non-Rec	Fund Affected
FY12	FY13	FY14	FY15	FY16		
			\$1,190.0	\$2,380.0	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to SB27

SOURCES OF INFORMATION

LFC Files

Responses Received From

The State Fair Commission (SFC)

State Racing Commission (SRC)

Responses Not Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 114 proposes to extend the sunset date of the State Racing Commission through FY18, and provide delayed change in distribution of daily capital outlay tax from the state fairgrounds to the general fund beginning January 1, 2015.

The effective date of the provisions of this bill is July 1, 2011.

FISCAL IMPLICATIONS

The impact was calculated from the State Fairground's annual audit. The SFC reports that between FY06 and FY10, revenue from daily capital outlay tax averaged \$2.4 million, of which \$1.2 was distributed to the general fund and \$1.2 was appropriated to the New Mexico State Fairgrounds.

This analysis assumes no change in pari-mutuel wagering. Gaming and other types of wagering are less affected by economic downturn than other businesses.

Since one-half of the daily capital outlay tax will continue to be distributed to the state fairgrounds through December 31, 2014, the general fund will receive only 6-months of additional revenue in FY15.

This proposal should not be considered a negative impact to the SFC, because under current law, the distribution to the SFC would terminate on July 1, 2012.

RELATIONSHIP

Senate Bill 27 proposes to extend the imposition of the daily capital outlay tax and distributions to the state fairgrounds and general fund through December 31, 2014.

OTHER SUBSTANTIVE ISSUES

The New Mexico State Fairgrounds have pledged revenue from the daily capital outlay tax to secure \$5.6 million in bonds from the New Mexico Finance Authority (NMFA) for capital improvements. Those bonds were issued for a 10-year term with final payment on November 11, 2014. This bill should not affect repayment of the bonds.

The State Racing Commission requests that its statutory authority be continued through 2018. The SRC expresses concern that job losses will result from the sunset of the commission. The SRC reports that racing contributes approximately \$400 million to the New Mexico economy and \$63 million in gaming revenue.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The State Racing Commission will sunset on July 1, 2012.

LKB/mew