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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/11

SPONSOR Munoz LAST UPDATED _____ HB _____

SHORT TITLE Local Government Revenue Sharing Act SB 335

ANALYST Burrows

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	(\$6,720.0)	(\$7,010.0)	Recurring	General Fund
	\$6,720.0	\$7,010.0	Recurring	Counties and Municipalities

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Indian Affairs Department (IAD)
 New Mexico Municipal League (NMML)
 Gaming Control Board (GCB)
 Association of Counties

Responses Not Received From

Department of Taxation and Revenue

SUMMARY

Synopsis of Bill

Senate Bill 335 proposes to distribute 10 percent of net receipts of revenue share received pursuant to class III tribal-state gaming compacts to municipalities and counties in which a tribal gaming facility is located. Distributions would fund the municipality's or county's government infrastructure, law enforcement, fire protection or emergency services. As defined in the bill, "located within a municipality" means within the exterior boundary or within five miles of the exterior boundary of an incorporated municipality. For gaming facilities located within a municipality the bill allocates 50 percent of revenue sharing to the municipality and 50 percent to the county.

The bill also proposes creation of the local government revenue sharing fund in the state treasury for distribution to municipalities and counties. Balances in this fund at the end of the fiscal year will revert to general fund.

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

FISCAL IMPLICATIONS

The revenue impact was calculated using December 2010 consensus revenue estimates of general fund distributions of tribal revenue sharing. For comparison, the total amount distributed to the general fund for tribal revenue sharing in FY10 was \$64.1 million.

According to the IAD, there are eight counties that have a total of 25 tribal gaming facilities located within their boundaries: Taos, Rio Arriba, McKinley, Sandoval, Santa Fe, Bernalillo, Cibola, and Lincoln, (see Attachment 1). At least three municipalities would be impacted by this legislation: Taos, Espanola, and Albuquerque. Attachment 2 maps other municipalities that could be affected by Senate Bill 335.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities. In FY10, \$1.4 billion in earmarked tax revenues, not including property tax revenue, was distributed to local governments.

SIGNIFICANT ISSUES

The New Mexico Gaming Control Board monitors the 2001 and 2007 Amended Tribal-State Class III Gaming Compacts signed by 14 tribes. Compacting tribes are required to pay revenue sharing and report “Net Win” on a quarterly basis to the State. The “Net Win” is the amount wagered on gaming machines, less the amount paid out in cash and non-cash prizes won on the gaming machines, less state and tribal regulatory fees and are not the net profit of the casino.

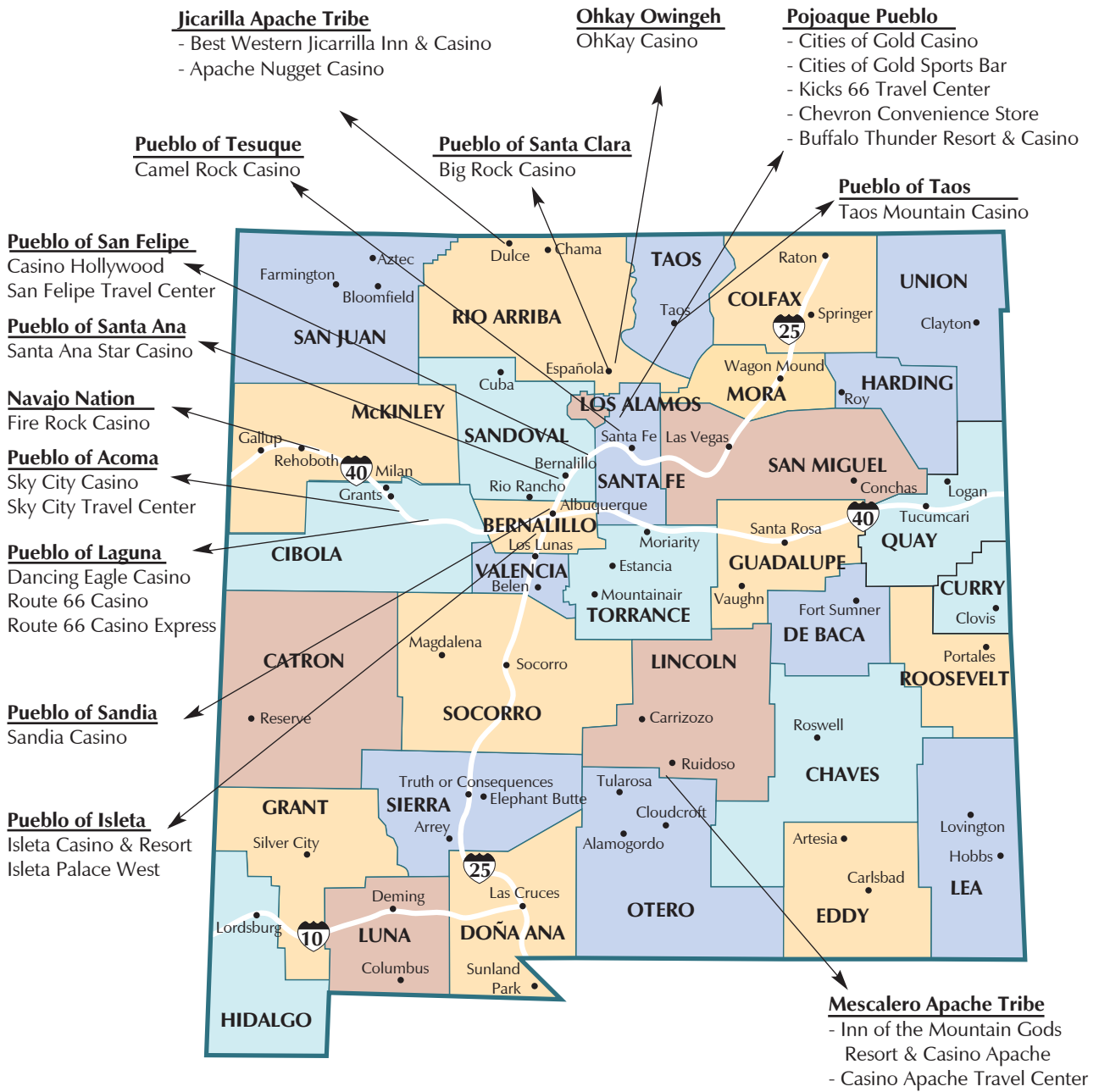
The New Mexico Municipal league reports that the expansion of gaming has created additional service demands on municipalities, particularly in the delivery of public safety services. Senate Bill 335 would provide additional funding for these services.

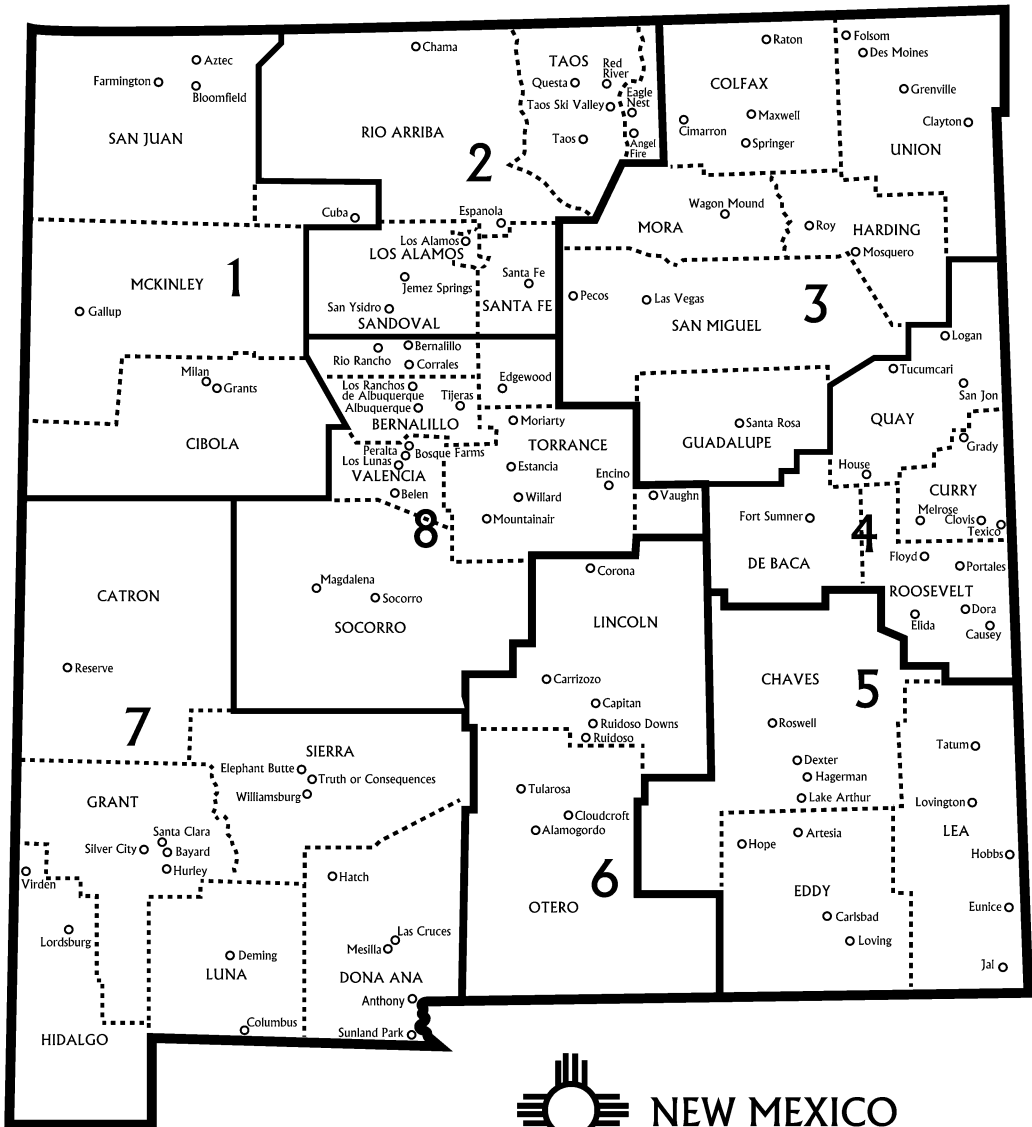
According to the Association of Counties, counties are responsible for providing essential services in areas with casinos—police, fire, roads—but receive no remuneration for those costly expenditures. Original draft compacts with Indian tribes and pueblos with tribal gaming facilities provided that payments of net revenue be made to counties.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The general fund will continue to receive the total distribution of tribal revenue sharing receipts.

LKB/bym





NEW MEXICO
Municipalities
by NMML Districts