

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

March 17, 2025

Bill: STBTC Sub. for SB-481, as amended by SFC **Sponsor:** Senator Mimi Stewart

Short Title: State Fairgrounds District Act

Description: This Senate Tax, Business and Transportation Committee substitute for SB481 enacts the State Fairgrounds District Act (the Act). This Act creates the state fairgrounds district (the district) as a political subdivision of the state, separate and apart from the municipality, and sets out the governance of this district, and the governing Board's powers. It provides authority for the district to establish a property tax levy on real property within the boundaries of the district at a maximum of \$5 on each \$1000 which may not be effective for more than four years. It must be imposed by a majority of votes cast by qualified electors in the district and may be rescinded within the four-year period also by a vote of the qualified electors. Beginning July 1, 2025, the bill directs 75% of the receipts attributable to the gross receipts tax (GRT) and 75% of the receipts attributable to the gaming tax from locations within the district to a special fund designated for debt service on any bonds issued by the district. The district may issue revenue bonds not to exceed \$500 million and shall pledge all revenue received by the district from GRT and gaming excise tax distributions created in this bill to repayment of the bonds. The bonds will be exempt from state taxation.

The *Senate Finance Committee* amendment makes a technical correction allowing the board to include a state Senator representing the senate district inclusive of the district or their designee, and a member of the House of Representatives representing the house district inclusive of the district or their designee. The bill previously mentioned a designee, but not the Senator or House of Representatives member themselves.

Effective Date: July 1, 2025

Taxation and Revenue Department Analyst: Pedro Clavijo and Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	--	--	--	--	R	Section 5: Property Tax Levy – State Fairgrounds District
--	\$670	\$690	\$710	\$730	R	Section 13(A): GRT – State Fairgrounds District Fund
--	(\$670)	(\$690)	(\$710)	(\$730)	R	Section 13(A): GRT – General Fund
--	\$8,400	\$8,400	\$8,400	\$8,400	R	Section 13(B): Gaming Tax – State Fairgrounds District Fund
--	(\$8,400)	(\$8,400)	(\$8,400)	(\$8,400)	R	Section 13(B): Gaming Tax – General Fund
--	\$9,070	\$9,090	\$9,110	\$9,130	R	Total Section 13: State Fairgrounds District Fund
--	(\$9,070)	(\$9,090)	(\$9,110)	(\$9,130)	R	Total Section 13: General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: [Section 5:] The bill permits imposition of a property tax up to \$5 per \$1000 of taxable value, subject to an election and approval by all qualified electors in the district. The district is defined, at its formation, as consisting entirely of state-owned land, which is exempt from property taxation pursuant to Article 8, Section 3 of the New Mexico Constitution. Initially, therefore, the district will have no taxable property. Furthermore, Section 5(B) of the bill requires authorization of the tax by a majority of the votes cast by qualified electors of the district in an election held in accordance with the Local Election Act. A “qualified elector” must be a person who is a resident of the state and is qualified to vote. Section 1-1-4 NMSA 1978. There are currently no qualified electors in the district, and so no vote could be taken to authorize the property tax.

The bill contemplates an initial “start-up” period of the district for six years, and it is assumed that during that time the district will sell property within its boundaries to private persons for the purpose of constructing residential housing and for business development purposes, creating a property tax base and qualified electors who may approve the imposition of a property tax. For purposes of the time frame of this fiscal impact report, Tax & Rev assumes that no significant property tax base will be developed that will generate tax revenue, if a property tax is imposed by the Board and authorized by the qualified electors. Tax & Rev cannot predict how much such property will be sold to private entities, thereby becoming taxable, or the value of any property developed for commercial or residential purposes during this time frame, nor whether the qualified electors of the district would approve any tax imposed by the district’s Board during that time. Tax & Rev therefore cannot predict whether there will be any fiscal impact during the time frame of this report but assumes that to the extent there is any impact, it will be minimal.

[Section 13(A):] The Taxation and Revenue Department (Tax & Rev) retrieved taxable gross receipts sourced to the state fairgrounds for fiscal year 2024 from the GRT RP80 report to estimate the fiscal impact to the State from distributing 75% of those receipts to the district. Tax & Rev used the current location code and boundaries of the state fairgrounds and assumed they would remain the same. The fiscal impact was grown by taking the GRT revenue growth from the December 2024 Consensus Revenue Estimating Group (CREG) forecast. The state fairgrounds’ existing GRT rate was used in the analysis.

[Section 13(B):] Tax & Rev used the historical time series of net receipts paid by Albuquerque Downs Casino, the only casino within the state fairgrounds, and modelled the distribution of 75% of those receipts to the district. Tax & Rev used a time-series analysis using quarterly rates of change within the context of the December 2024 Consensus Revenue Estimating Group (CREG) forecast for gaming excise tax. Albuquerque Downs Casino is forecasted to have flat growth over the revenue impact time frame after seeing a post-pandemic spike in net receipts.

Policy Issues: Some positive dynamic fiscal effects might be derived from the Act. The potential projects the Act can promote may stimulate economic growth, job creation, and the development of new industries. The State can use these projects to maximize economic, fiscal, and social benefits. These projects might allow the State to prioritize industries with high growth and job creation potential. Over time, the area of influence of the Act will be equipped with a more robust productive apparatus to cope with economic, fiscal, and social transformations. Redevelopment of the State Fairgrounds may also have positive impacts on public safety and increase property values in the neighboring areas of Albuquerque.

Technical Issues: Page 21, Section 13, lines 8 – 25: The bill does not specifically identify the fund to which the distributions should be made, only naming a “special fund.” It is recommended that the name of the fund be added to the distribution language, matching other distribution statutes within chapter 7.

Other Issues: Tax & Rev notes that the district created is its own political subdivision, separate and

apart from the municipality of Albuquerque. Tax & Rev assumes that the district is not separate from Bernalillo County, and that the County will still impose and collect its own local option gross receipts taxes on transactions sourced to the new district. County local option gross receipts taxes are currently imposed on transactions sourced to areas that will become part of the new district. If this is not the intent of the bill, Tax & Rev recommends adding the words “and a county” on page 5, line 12, after the word “municipality”. Currently there is no property tax imposed on the real property that will become part of the new district if the bill is enacted, as all such property is state-owned and therefore exempt from property taxation. It is not clear whether such land within the district that may be sold to private entities, and thereby lose its exempt status and become subject to property taxation, will also be subject to property taxation by the County, or whether the intent is that the property be solely subject to taxation by the district itself.

Administrative & Compliance Impact: Tax & Rev will update forms, instructions, and publications and make information system changes. This implementation will require a new gaming excise tax code to facilitate distribution to the State Fairgrounds District Fund. The State Fairgrounds reporting location for GRT purposes is currently assumed to reflect the correct boundaries for the new political subdivision and will continue to be used for the GRT distribution to the fund.

Tax & Rev’s Administrative Services Division (ASD) will update the general ledger and revenue reporting for the new GRT and gaming excise tax distributions. It is anticipated this work will take approximately 200 hours split between 2 FTE of a pay band 70 and a pay band 80 at a cost of approximately \$12,700. Collaboration and input from the Department of Finance and Administration (DFA) is required as this will decrease General Fund revenue distributions.

This bill will have a high impact on Tax & Rev’s Information Technology Division (ITD), approximately 1000 hours or about 6 months and \$230,000 in contractual costs.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
--	\$12.7	--	\$12.7	NR	ASD-Operating
\$230	--	--	\$230	NR	ITD-Contractual Cost

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills: Companion to SB-482