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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/16

SPONSOR Tripp LAST UPDATED \_\_\_\_\_ HB 269

SHORT TITLE Travel, Tourism & Hospitality Training SB \_\_\_\_\_

ANALYST Clark

### APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	\$300.0				Recurring	General Fund

Parenthesis ( ) indicate expenditure decreases

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	Unknown					

Parenthesis ( ) indicate revenue decreases

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Very Minimal			Recurring	General Fund

Parenthesis ( ) indicate expenditure decreases

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Tourism Department

### SUMMARY

#### Synopsis of Bill

House Bill 269 appropriates \$300 thousand from the general fund to the Tourism Department for a statewide tourism industry organization, in partnership with destination marketing

organizations, to develop and implement a travel, tourism, and hospitality vocational training program focused on statewide tourism product knowledge and customer service.

### **FISCAL IMPLICATIONS**

The appropriation of \$300 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2017 shall revert to the general fund.

The revenue impact is unknown, but if the program is successful at implementing targeted training that addresses issues reported by visitors to the state in surveys, this could lead to an increase in repeat visitation.

There would be a minimal operating budget impact for the Tourism Department to administer this new program. Existing agency staff should be able to perform the oversight function.

### **SIGNIFICANT ISSUES**

The only statewide organization that appears to meet the requirements of the bill is the New Mexico Hospitality Association, which formed from the joining of the Tourism Association of New Mexico and the New Mexico Lodgers Association in January 2015.

New Mexico continues to struggle with repeat visitation. About 30 percent of respondents surveyed after a visit to New Mexico said they intend to return within 12 months, while about 47 percent intend to return to competitor states in the same timeframe. Anecdotal evidence suggests much of this difference is due to the perception (whether real or imagined) of a smaller set of tourism attractions in the state compared to New Mexico's competitor states. If a training program were successful at conveying the broad set of attractions across the state to industry professionals and encouraging these professionals to more actively suggest attractions to visitors, it could change perceptions and increase a visitor's interest in returning to the state.

The Tourism Department notes that as tourism becomes more important to diversifying New Mexico's economy, so does creating the infrastructure that leads to better experiences and higher visitor satisfaction. However, the agency also reports that no proven model like this currently exists to predict how effective the program will be.

### **PERFORMANCE IMPLICATIONS**

The LFC policy of accountability is not met since the Tourism Department is not required in the bill to report annually to an interim legislative committee regarding any data compiled from the training program to determine its effectiveness. However, LFC has noted in the last few years the Tourism Department is a leader in data-driven management, creating a strong likelihood the agency would voluntarily collect and report data relating to this program.

### **ADMINISTRATIVE IMPLICATIONS**

The administrative impact would be minimal.

JC/jle