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F I S C A L I M P A C T R E P O R T

		LAST UPDATED	2/16/23
SPONSOR	Zamora	**ORIGINAL DATE**	2/14/23
SHORT TITLE	Nonprofit Gaming Changes	**BILL NUMBER**	House Bill 253/aHCPAC
		ANALYST	Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
New Mexico Gaming Control Board (NMGCB)

SUMMARY

Synopsis of HCPAC Amendments to House Bill 253

The House Consumer and Public Affairs Committee amendments to HB253 further reduce the amount to be distributed for charitable or educational purposes by a nonprofit gaming organization from at least 30 percent to at least 20 percent of the balance of its net take. The amendments also authorize the deduction of allowable gaming expenses in determining net take.

Synopsis of Original House Bill 253

House Bill 253 changes the hours that gaming machines may be played on the premises of a licensed nonprofit gaming organization from noon to midnight every day to any consecutive 12 hours per day as determined by the nonprofit. It also reduces the amount to be distributed for charitable or educational purposes by such a licensee from at least 60 percent to at least 30 percent of the balance of its net take.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

NMGCB anticipates no fiscal impact to the State.

SIGNIFICANT ISSUES

NMGCB explains the underlying reason for this bill:

> Non-Profit organizations have been unable to maintain sufficient operating costs under the current mandate to contribute 60 percent of their Net Revenue After Tax (NRAT). As a result, they currently contribute 18.9 percent of their Net Revenue After Tax (NRAT) while often still struggling to remain solvent. There are only two (2) other funding sources the non-profit organizations could use to secure these funds.

According to NMGCB, a decrease in net take percentage is necessary to ensure that nonprofit licensees have sufficient funds to pay other expenses. It warns that a large majority of nonprofits will be forced to shut down their gaming operations, which provide scholarships and other charitable donations, without a change in the net take percentage. It suggests that that percentage should be reduced down to 20 percent, or alternatively cap distributor lease agreements ("take/fee") currently capped by rule at 40 percent, at no more than 30 percent.

MD/ne/rl