Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR	Martinez, A./Dow/De La Cruz/Hernandez/Jones	**LAST UPDATED**	
		ORIGINAL DATE	2/7/2025
SHORT TITLE	Gaming Act Definition Changes	**BILL NUMBER**	House Bill 241
		ANALYST	Gray

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Gaming Control Board	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact		

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

Sources of Information

LFC Files

Agency Analysis Received From
Gaming Control Board (GCB)

SUMMARY

Synopsis of House Bill 241

House Bill 241 (HB241) adds a definition of allowable gaming expenses and balance of net take to the Gaming Control Act. The apparent effect reduces the distribution nonprofit gaming operators make for charitable or educational purposes. See "Significant Issues."

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted.

FISCAL IMPLICATIONS

The bill does not have a fiscal impact to the state but may have an impact on entities policymakers have an interest in.

SIGNIFICANT ISSUES

The bill's definitional changes impact 60-2E-47 Subsection G, which provides:

> A nonprofit gaming operator licensee shall distribute at least twenty percent of the balance of its net take, after payment of the gaming tax, any income taxes and **allowable gaming expenses**, for charitable or educational purposes.

Currently, the term “allowable gaming expenses,” is not defined in statute. However, it is defined in rule. New Mexico Administrative Code 15.1.10.7 defines allowable gaming expenses as follows:

> "allowable gaming expenses" means the following bona fide expenses in reasonable and customary amounts: license fees, including renewals and gaming machine license fees”

HB241 changes the definition of allowable gaming expenses to:

> “allowable gaming expenses” means the following bona fide expenses in reasonable and customary amounts:
>
> - purchase prices of non-cash prizes;
> - security and surveillance expenses;
> - independent accountant fees;
> - license fees, including renewals and gaming machine license fees;
> - utilities attributed to the licensed premises;
> - installment payments to an independent administrator or lease payments;
> - gaming device repair and maintenance;
> - gaming employees' salaries and employment taxes;
> - gaming supplies;
> - approved management fees; and
> - licensed premises repair and maintenance.

By expanding the definition of allowable gaming expenses from the definition in rule to the definition in statute, nonprofit gaming operator licensees could be required to distribute less toward charitable and educational purposes, as required by 60-2E-47 Subsection G.

The Gaming Control Board notes:

> It is important to note that gaming at veteran and fraternal organization is called charitable gaming. Charity and education support is the reason gaming was permitted in these organizations. Gaming revenues provide these organizations with additional funds to support charitable and educational needs of their members, communities, and local charities while providing funds to support the operation of their organization.

The change to the definition of “balance of net take” is consistent with current rule.

BG/hg