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## FISCAL IMPACT REPORT

SPONSOR Griego DATE TYPED 1/30/04 HB \_\_\_\_\_  
 SHORT TITLE Convention Center Fee Changes SB 236  
 ANALYST Johnson

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	Indeterminate		Recurring	See Narrative

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received From  
 Department of Finance and Administration

### SUMMARY

#### Synopsis of Bill

Senate Bill 236 amends the Civic and Convention Center Funding Act to increase the maximum rate of the convention center fee, allow rate decreases under certain circumstances and broaden the purposes for which the fee revenue may be used. The bill applies only to qualified local government entities which are 1) an incorporated municipality in a Class A county with a 2000 census population of between 50,000 and 70,000 if the city council has authorized the construction of a civic and convention center; 2) the county where the incorporated municipality listed above is located, provided that the county and the municipality have entered into a Joint Powers Agreement for the collection and expenditure of the revenue. Santa Fe and Rio Rancho are within the population range, but Rio Rancho is located in a class B county. Therefore, the only municipality the bill applies to is the city of Santa Fe.

The bill changes Section 5-14-4 NMSA 1978 which establishes the maximum amount of the convention center fee. The bill increases the maximum fee from one percent (1%) of the gross room revenue for each day a room is occupied to two percent (2%).

Current law limits the use of the revenue to the following:

- (1) the design, construction, equipping, furnishing, landscaping and other costs associated with the development of a civic and convention center and adjoining parking garage located within the qualified municipality;
- (2) payments of principal, interest or prior redemption premiums due in connection with and any other charges pertaining to revenue bonds authorized by the Civic and Convention Center Funding Act; and
- (3) costs of collecting and otherwise administering the convention center fee; provided that administration costs shall not be paid until all required payments on the revenue bonds issued pursuant to the Civic and Convention Center Funding Act are made and that no more than ten percent of the revenue collected in any fiscal year shall be used to pay administration costs.

This bill provides for additional uses of the revenue including:

- 1) Payments into any sinking fund or reserve fund required by revenue bond ordinances,
- 2) Operating costs of the convention center provided that all payment obligations associated with revenue bonds authorized by the Civic and Convention Center Funding Act are met,
- 3) Payments into a capital reserve fund for the future payment for capital maintenance and improvements and equipment replacement costs for the civic and convention center and parking garage.

The bill also provides procedures for reviewing and adjusting the fee on a five year cycle.

## **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

The department of finance and administration provided the following analysis:

“The fiscal impact can be determined by increasing the amount of lodgers tax collected through 6/30/2003 by 20% or 40%. A 1% fee increase in the Civic and Convention Center Funding Act equates to a 20% increase in lodgers tax which was approved during the 2003 legislative session but was never implemented. A 2% fee increase in the Civic and Convention Center Funding Act equates to a 40% increase in the lodgers tax. Based on the City of Santa Fe’s financial data, a 1% fee increase equates to \$1,158,519.00 annually. A 2% increase equates to \$2,317,039.00 annually.”

## **OTHER SUBSTANTIVE ISSUES**

The city of Santa Fe has plans to build a new civic and convention center where the Sweeney Center currently stands. A parking structure will also be built. The first phase of the project, the convention center, is expected to cost \$30 million, while the underground parking structure is expected to cost \$14 million. It is anticipated that the new center will be financed through Civic and Convention Center Funding Act.

The department of finance and administration noted the following:

“This bill has declared an emergency. However, the original Civic and Convention Center Funding Act was introduced and passed during the 2003 legislative session. Since that date no funds have been collected or reported to DFA on the quarterly lodgers tax report.”

**CJJ/lg:yr**