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FISCAL IMPACT REPORT

SPONSOR Varela DATE TYPED 1/27/04 HB 110

SHORT TITLE Tourism Advertising & Promotion SB _____

ANALYST Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$1,500.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals & Natural Resources Department (EMNRD)

Tourism Department (NMTD)

SUMMARY

Synopsis of Bill

House Bill 110 appropriates \$1.5 million from the General Fund to the Tourism Department (TD) for tourism advertising and promotion.

Significant Issues

According to the TD, tourism is the second largest industry in New Mexico, bringing in approximately \$3.8 billion during 2003. The TD realizes a return of eight times on its advertising and promotion expenditures and this appropriation is necessary for New Mexico to remain competitive with neighboring states. Arizona has appropriated an additional \$2 million in this area and Colorado has appropriated an additional \$8 million.

FISCAL IMPLICATIONS

The appropriation of \$1,500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

This appropriation does not provide funding specifically for the advertising and promotion of New Mexico State Parks. The State Parks Division (SPD) of the Energy, Minerals and Natural Resources Department (EMNRD) actively promotes recreational use of the thirty-one state parks and encourages travel throughout New Mexico. In recent surveys, the TD has identified all of the state parks as being among the top 100 tourism destinations in New Mexico.

SPD is committed to the creation of sustainable economic growth through the promotion of our natural, cultural and historical resources. Travel industry experts currently estimate that 80% of all future travel growth will come from active adventure, nature and cultural based tourism activities. According to the EMNRD, SPD offers all the necessary elements needed to entice this growing market and additional advertising and promotion dollars would contribute to this effort.

Approximately 70% of the state's population lives within 40 miles of a state park. These communities derive an economic benefit, either direct or indirect, from more than 4 million visitors to state parks through the sale of fuel, food, recreational equipment and lodging. A 2002 New Mexico State University survey of state park visitors indicated state park visitors contributed more than \$104.0 million to local economies.

RLG/yr