

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Varela DATE TYPED 1/28/05 HB 204

SHORT TITLE Tourism Advertising and Promotion SB _____

ANALYST Rosen

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$1,500.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Tourism Department (TD)

Energy, Minerals and Natural Resources Department, State Parks Division (SPD)

SUMMARY

Synopsis of Bill

House Bill 204 appropriates \$1,500.0 from the general fund to TD for expenditure in FY06 for the purpose of tourism advertising and promotion.

Significant Issues

The tourism industry in New Mexico is the second largest private-sector industry in the state and generates almost \$4 billion in revenues annually. Competition from neighboring states for this valuable portion of New Mexico's economy must be addressed with imaginative and informative messages about the many attractions and advantages New Mexico has to offer.

PERFORMANCE IMPLICATIONS

The funds provided by this bill enhance TD's ability to respond to promotional and advertising opportunities that occur after a marketing plan is in place and to address changing or special conditions in a marketplace that present potential advantages (such as the relation of the US dollar to some international currencies).

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 FY06 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

Approximately \$250.0 of a similar appropriation to the Tourism Department in FY05 was directly earmarked by the Legislature for the marketing and promotion of state parks and other programs in the Department of Cultural Affairs, Department of Transportation and Game & Fish Department. Of this \$250.0, approximately \$50.0 was made available to SPD by TD. SPD notes it has less than \$2.0 available per state park per year for marketing and advertising and indicates additional budget dollars made available in FY05 had a tremendously beneficial impact on SPD's ability to attract visitors to the state parks and support rural economic development based on park tourism. SPD indicates inclusion of SPD directly in this appropriation would allow SPD to increase statewide tourism, provide increased economic impact in fifty-six park-associated communities and provide additional revenue for the State of New Mexico.

ALTERNATIVES

SPD recommends \$100.0 of the appropriation be earmarked specifically for increased advertising and promotions of New Mexico's state parks.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The level of New Mexico's exposure in various tourism markets will be reduced or eliminated.

JR/lg