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FISCAL IMPACT REPORT

SPONSOR Komadina DATE TYPED 2/2/05 HB _____

SHORT TITLE Compulsive Gambler Funds and Programs SB 431

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Fiscal Impact Section	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		See Fiscal Impact Section	Recurring	Compulsive Gambler Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Gaming Control Board (GCB)

Responses Not Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 431 would amend the Tax Administration Act to create a “Compulsive Gambler Fund” in the state treasury and to create a “Compulsive Gambler Fee” appropriating those funds to DOH for compulsive gambler programs. Any unexpended or unencumbered balances remaining at the end of the fiscal year would not revert to the general fund.

Significant Issues

DOH indicates the bill would place the responsibility for compulsive gambler programs on DOH, removing the responsibility from the gaming licensee.

Currently the treatment for problem gamblers is accomplished in the private sector. Racetracks and most gaming tribes contribute to the operation of a statewide treatment voucher system. This treatment system is operated by the New Mexico Council on Problem Gambling.

GCB notes, under this proposal, DOH will make the determination of who receives money to fund or support programs for the treatment and assistance of compulsive gamblers. This could allow for the transparency of where and how the monies are being distributed and provide accountability to the public. However, the removing of the compulsive gambling plan requirement eliminates regulatory agency oversight on the gaming operators regarding the dissemination of compulsive gambling literature, providing sources of treatment and training for employees.

GCB indicates the plans should remain a requirement and be administered by the DOH as the department has the expertise in behavior health issues. DOH needs to be able to enforce their regulatory duties regarding compulsive gambling plans. The plans reflect the state interest in addressing the social ramifications of compulsive gambling. Currently, DOH and GCB have a Memoranda of Understanding where DOH reviews and makes recommendations on the adequacy of the compulsive gambling plan development and implementation.

FISCAL IMPLICATIONS

The Compulsive Gambler Fund would be comprised of the net receipts of all compulsive gambler fees collected. Compulsive gambler fees would be comprised of one-fourth percent (1/4%) of the net take of gaming machines for racetrack gaming operator licensees. This is a recurring expense. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to the general fund.

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

DOH states the administration of the Compulsive Gambler Fund would have fiscal implications on the department, including costs associated with fund administration, contracting and monitoring. DOH estimates a cost of up to \$82 thousand per year to support an FTE and contract monitoring expenses.

ADMINISTRATIVE IMPLICATIONS

GCB indicates the State Treasurer will need to set up the fund fund, the Taxation and Revenue Department will need to distribute the monies and DOH will need to provide the monies to fund or support programs for the treatment and assistance of compulsive gamblers. Additionally, DOH will need to make decisions on what type of support programs for treatment and what type of assistance for compulsive gamblers will receive the monies, particular since compulsive gambling plans are no longer required.

DUPLICATION

Senate Bill 431 duplicates House Bill 630.

TECHNICAL ISSUES

GCB suggests the following language be added to Section 60-2E-47 (F) in order to be consistent with the language in Section 60-2E-47 (E) pertaining to the racetracks.

F. A nonprofit gaming operator licensee shall distribute at least sixty percent of the balance of its net take, after payment of the gaming tax and any income taxes, for charitable or educational purposes. A nonprofit gaming operator licensee shall pay, in addition to other taxes or amounts required by this section a compulsive gambler fee of one – fourth percent of the net take of its gaming machines to the taxation and revenue department for distribution to the department of health pursuant to Section 7-1-6.1 NMSA 1978 to fund or support programs for the treatment and assistance of compulsive gamblers.

OTHER SUBSTANTIVE ISSUES

DOH also notes the deletion of the compulsive gambling plans, indicating the plans require tracks to participate in the critical phases of identification and treatment referral process. Race-track staff training is also currently required to be included in these plans.

KBC/yr