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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino **DATE TYPED** 3/09/05 **HB** _____

SHORT TITLE NM Exposition Authority Act **SB** 619/aSJC

ANALYST Ford

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

Duplicates
HB 580

SOURCES OF INFORMATION

LFC Files

Responses Received From

Employment Development Department (EDD)
Department of Finance and Administration (DFA)
Public Regulation Commission (PRC)
State Fair Commission
Tourism Department (TD)

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee amendment makes a number of changes. First, it excludes the state fairgrounds from the definition of “exposition center.” Second, the bill correctly references the mid-region council of governments instead of the middle Rio Grande council of governments.

Third, the amendment requires that at least 3 of the governor’s 4 appointees to the authority are not residents of Bernalillo or Santa Fe counties. Fourth, the amendment changes the misdemeanor penalty for an authority member who participates in a transaction despite a conflict of interest from “not less than one year in jail” to “not more than one year in jail.”

Fifth, the amendment removes the provision granting immunity from personal liability to members of the authority. Finally, the amendment removes the section giving preference to any suit arising from a challenge of the validity of the Act or actions of the authority over all other civil cases irrespective of the court calendar.

Synopsis of Original Bill

Senate Bill 619 enacts the New Mexico Exposition Center Authority Act for the purpose of creating, constructing, developing, operating and managing exposition centers. The bill creates the New Mexico exposition authority and provides for the authority's membership, powers, procedures and financing, including the authority to issue revenue bonds and collect rents and charges. The bill creates the interim legislative New Mexico exposition center authority oversight committee and requires yearly reports and audits from the authority. The bill is an emergency measure to take effect immediately.

Significant Issues

The authority will consist of 15 members including the secretaries of finance and administration, economic development, tourism, and transportation, the chair of the state transportation commission, the executive director of the New Mexico finance authority, the mayor of Albuquerque, the chair of the Bernalillo county board of commissioners, the mayor of Santa Fe, chair of the Santa Fe county board of commissioners, executive director of the mid-region council of governments and four residents of the state to be appointed by the Governor. The governor shall designate a chair from among the appointed members. Designees may act on behalf of ex-officio members.

Senate Bill 619 establishes the powers of the authority. Among other powers, the authority will be authorized to operate and manage exposition centers, lease facilities to private enterprises, make grants to participating jurisdictions for the development of an exposition center, and issue tax exempt revenue bonds. The bill establishes the procedures for issuing revenue bonds and provides that bonds issued by the authority shall not create any liability for the state or any political subdivision.

The bill creates a joint interim legislative committee known as the New Mexico exposition center authority oversight committee. Legislative council shall determine the membership, appoint the members, designate the chair and provide staff.

The bill requires the authority to have an audit completed once a year, which shall be submitted to the governor and the oversight committee. The authority must also submit an annual report on its activities to the governor and the legislature.

FISCAL IMPLICATIONS

Senate Bill 619 provides the authority the means to raise its own revenue and the responsibility to pay for its operating costs from that revenue. While there is no direct impact to the state, the property, income and operations of the Authority would be tax exempt. To the extent that these operations have the effect of displacing other taxable operations, the proposal could have an indeterminate negative impact on state and local tax revenues.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 619 duplicates House Bill 580.

TECHNICAL ISSUES

Senate Bill 619 incorrectly references the “middle Rio Grande council of governments.” The name was changed to the “mid-region council of governments.”

The bill is unclear whether the authority is established to operate a single exposition center or many centers. For example, on page 8, line 2, the bill reads “The authority may operate the exposition center in the participating jurisdictions...” This seems to imply that each jurisdiction is limited to one exposition center. However, the definition of “participating jurisdictions” is fairly broad and does not make any geographic limitations.

On page 9, line 20, reads “...make grants to participating jurisdictions for a project for the exposition center...” which, again implies a single center.

On the other hand, the definition of “exposition center” (page 3, lines 6-19) lists several types of facilities, many of which could conceivably be located in one jurisdiction. For purposes of clarification, amendments should be made to create consistency throughout the bill regarding the number of exposition centers authorized.

OTHER SUBSTANTIVE ISSUES

While the bill does not target the authority’s activities to a specific part of the state, the membership of the authority is largely focused on the Albuquerque and Santa Fe regions. If the authority is meant to develop exposition facilities throughout the state, the membership should be expanded to be more geographically representative.

ALTERNATIVES

The State Fair Commission suggests that a possible alternative would be to locate the Expositional Center on the Expo New Mexico grounds where there are additional exposition facilities. The New Mexico State Fair submitted a capital outlay request of \$2.4 million funding for the construction of an Expositional Building on the grounds.

This bill is similar to the Statewide Economic Development Act which allows the Economic Development Department and New Mexico Finance Authority (NMFA) to develop similar projects. It is also similar to the New Mexico Finance Authority Act which allows NMFA to fund similar projects. Finally, the state has a funding mechanism for projects authorized by the legislature through the Capital Projects Fund, which could include an exposition center.

POSSIBLE QUESTIONS

Is the legislative intent of Senate Bill 619 to develop a specific, multi-purpose exposition center in the Albuquerque/Santa Fe region? Or is its purpose to generally promote the development of facilities statewide?

Should there be more geographic representation on the authority's membership?

How would the mechanisms created by Senate Bill 619 be an improvement on existing project funding mechanisms?

EF/lg