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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/07
 LAST UPDATED 3/12/07 HB 593/aHTRC

SPONSOR Garcia, M.H.

SHORT TITLE Racetrack Gaming Revenue Distribution SB _____

ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$182.3)		Recurring	General Fund
	\$182.3		Recurring	Local Government: Sunland Park

(Parenthesis () Indicate Revenue Decreases)

Relates to SB 185
 Duplicates SB 247

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 State Racing Commission (SRC)
 Gaming Control Board (GCB)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee Amendment to House Bill 593 reduces the size of the gaming excise tax distribution to Sunland Park created in the bill from 4 percent of the racetrack's gaming excise tax payments to 0.57 percent.

Synopsis of Original Bill

House Bill 593 creates a gaming excise tax distribution to a municipality in a class A county whose municipal boundary abuts the international border with Mexico. The distribution will be equal to 4 percent of net gaming excise tax collections from the racetrack casino located in that

municipality. The only New Mexico racetrack casino that will be eligible is Sunland Park, which is located in Dona Ana County in the municipality of Sunland Park.

The gaming excise tax revenue distributed to Sunland Park under the provisions of this bill will be used for acquisition, construction or improvement of local government infrastructure or to provide police or fire services.

The provisions of this bill will be effective from July 1, 2007 until July 1, 2017, when the provisions will sunset.

FISCAL IMPLICATIONS

The LFC expects gaming excise revenue paid by Sunland Park to total \$32.0 million in FY08, which means the 0.57 percent distribution to Sunland Park created by this bill will reduce general fund revenue by about \$185 thousand per year. This amount is expected to grow by about 2.2 percent per year.

SIGNIFICANT ISSUES

Sunland Park, located in the municipality of Sunland Park, is one of five racetracks with a casino currently operating in New Mexico.

Local governments in which racetrack casinos are located have often requested distributions from the state share of gaming excise tax in recent years. The rationale for these requests is that casinos cause local governments to incur infrastructure costs. Unlike most other businesses, which pay a share of gross receipts tax to the local jurisdictions in which they are located, racetrack casinos pay only the gaming excise tax.

During the 2005 Legislative Session, Senate Bill 837 increased the gaming excise tax rate on racetrack casinos from 25 to 26 percent.

DUPLICATION, RELATIONSHIP

House Bill 593 duplicates Senate Bill 247.

House Bill 593 relates to Senate Bill 185. While Senate Bill 185 provides a proportional distribution of gaming excise tax collections to all municipalities in which racetrack casinos are located, Senate Bill 247 distributes 4 percent of gaming excise tax collections from Sunland Park racetrack casino to the municipality of Sunland Park.

SS/nt