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FISCAL IMPACT REPORT

SPONSOR Martinez
ORIGINAL DATE 1/31/07
LAST UPDATED 3/05/07
HB
SHORT TITLE Local Government Gaming Revenue Distribution
SB 647/aSPAC
ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$257.5)	(\$367.3)	Recurring	General Fund
	\$257.7	\$367.3	Recurring	City of Española

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 473
 Duplicates HB 661

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Taxation and Revenue Department (TRD)
 Gaming Control Board (GCB)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 647 clarifies a technical issue that made it unclear which quarterly tribal revenue sharing payment would be the first to be affected by the bill's provisions. The amendment increases from two to three the number of quarterly payments to be received by the City of Española in FY08.

Synopsis of Original Bill

Senate Bill 647 creates a distribution to each municipality that has an Indian gaming facility located within its municipal boundary in the amount of 20 percent of the net receipts of revenue sharing from the facility submitted to the state pursuant to a gaming compact. Currently, the only

Indian gaming facility located entirely within a municipality's boundaries is Santa Clara Pueblo's Big Rock Casino, which is located in the City of Española.

The distribution to the City of Española will be made quarterly beginning in the second quarter of FY08. The distribution will be made by the 15th day of the month following the date in which tribal revenue sharing payments are due to the state.

The bill prescribes that municipal tribal gaming revenue distribution will be used for acquisition, construction or improvement of municipal government infrastructure or for providing police or fire protection services.

The effective date of these provisions is July 1, 2007.

FISCAL IMPLICATIONS

Tribal revenue sharing payments are due to the state by the 25th of the month following the end of a calendar quarter (April 25, July 25, October 25, and January 25). Distributions to the City of Española will therefore be made each May 15, August 15, November 15, and February 15. Due to the Senate Public Affairs Committee amendment, Española will receive distributions from three of the four quarters in FY08.

Tribal gaming receipts to the general fund from Santa Clara Pueblo totaled \$1.2 million in FY03, \$1.4 million in FY04, \$1.3 million in FY05, and \$1.5 million in FY06. Assuming revenue sharing payments from Santa Clara grow by 7 percent each year, the appropriation to Española created in the bill will be about \$257.5 thousand in FY08 (3/4 year impact) and \$367.3 thousand in FY09 (full-year impact).

Although the bill refers to this distribution as an appropriation, the wording will actually reduce general fund revenue rather than increase general fund appropriations.

Over time, the fiscal impact of this bill could grow if other municipalities annex Indian gaming facilities to qualify for the distribution.

SIGNIFICANT ISSUES

Counties and municipalities in which Indian gaming facilities are located have often requested distributions from the state's tribal revenue sharing payment in recent years. One rationale for these requests is that tribal casinos cause local governments to incur infrastructure costs in the form of police, fire and ambulance services, as well as utility system maintenance. Unlike most other businesses, which pay a share of gross receipts tax to the local jurisdictions in which they are located, tribal gaming facilities pay only tribal revenue sharing payments.

Another rationale for this type of local gaming distribution is that gaming facilities located close to municipalities reduce local gross receipts tax collections by detracting from spending at non-tribal businesses.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 647 duplicates House Bill 661.

Senate Bill 647 relates to House Bill 473, which distributes 10 percent of tribal revenue sharing payments to each of the 12 counties and one municipality in which a tribal gaming facility is located.

TECHNICAL ISSUES

The bill does not explicitly state who will be responsible for calculating the amount of the appropriation to be made to the affected municipality. Tribal revenue sharing payments are collected by the State Treasurer's Office and overseen by the State Indian Gaming Representative.

SS/mt:csd