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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/07  
 LAST UPDATED 3/07/07      HB \_\_\_\_\_

SPONSOR Taylor

SHORT TITLE University Athletic Facility Bonds      SB 717/aSFC

ANALYST Schardin

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	*See Narrative		Recurring	UNM and NMSU

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)  
 Youth Conservation Commission

#### No Response Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 717 places an upper limit of 25 percent on the athletic facility surcharge that may be imposed by UNM or NMSU on all vendors that provide products and services sold at or related to a university athletic facility. The original bill only stated that the surcharge must not be less than 5 percent if imposed.

#### Synopsis of Original Bill

Senate Bill 717 creates the university athletic facility funding act. This act will allow the University of New Mexico (UNM) and New Mexico State University (NMSU) to impose an athletic facility surcharge of not less than 5 percent on the revenues of all vendors that provide products and services sold at or related to a university athletic facility. The surcharge will be collected by vendors and due to the university by the 10<sup>th</sup> day of the month following the taxable event.

The act will also allow those universities to issue tax exempt athletic facility revenue bonds upon approval by the board of regents, the State Board of Finance, and the Department of Higher Education. These revenue bonds may be used to pay for designing, purchasing, constructing, equipping or furnishing a university athletic facility that seats at least 12 thousand.

The bill also provides that vendor payments of the surcharge will be audited and that vendors who do not pay the surcharge will pay interest at an annual rate of 12 percent of past due amounts, as well as attorney fees.

The bill also creates exemptions from the gross receipts and governmental gross receipts taxes for receipts of a university from an athletic facility surcharge imposed pursuant to the university athletic facility funding act.

Because the bill has an emergency clause, its provisions will take effect immediately upon signature by the governor.

### **FISCAL IMPLICATIONS**

Since receipts from the surcharge are not included in the state's baseline gross receipts and governmental gross receipts tax revenue estimates, the bill will have no fiscal impact on the general fund or the recipients of governmental gross receipts tax revenues (New Mexico Finance Authority, Cultural Affairs Department, State Parks Division, Youth Conservation Corps).

The proposed surcharge would generate revenues for UNM. The amount of revenue generated will depend on the rate at which the surcharge is imposed, as well as the amount of receipts from goods and services that it applies to.

### **ADMINISTRATIVE IMPLICATIONS**

TRD reports the provisions of this bill would be easier to administer if it became effective on July 1 or January 1 because that is when packets of information are provided to taxpayers.

SS/mt:csd