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FISCAL IMPACT REPORT

ORIGINAL DATE 02/27/09
 LAST UPDATED 03/20/09

SPONSOR SJC HB _____

SHORT TITLE Bingo and Raffle Act Changes SB CS/228/aSFC/aHJC

ANALYST Ortiz

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$20.6	\$20.6	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Gaming Control Board (GCB)
 Taxation and Revenue Department (TRD)
 Attorney General's Office (AGO)

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee amendment removes bingo card minders from the definition of equipment and cleans up language related to card minders.

Synopsis of SFC Amendment

The Senate Finance Committee amendment broadens language to indicate that the Act applies to persons who provide equipment to qualified organizations for use or play of games of chance, not just persons who provide equipment for a fee.

The Act remains applicable to both qualified organizations that conduct games of chance and the games of chance conducted by the qualified organizations as well as persons who manufacture, fabricate, assemble, produce, program or make modifications to equipment for use or play of games of chance in New Mexico or for sale or distribution outside of New Mexico.

Synopsis of SJC Substitute Bill

The Senate Judiciary Committee substitute to Senate Bill 228 revises the Bingo and Raffle Act to give the Gaming Control Board express authority to administer and enforce the Bingo and Raffle Act. (Currently NMGCB draws its authority from language in the Gaming Control Act).

The calculation of the charitable gaming tax changes from three percent of *net proceeds* to 0.5 percent of *gross proceeds*, which simplifies the reporting of income and expenses. (GCB projected that this would raise the amount of tax proceeds collected for the state from \$128 thousand to approximately \$143 thousand.)

It gives GCB continuing jurisdiction over former licensees in order to ensure compliance with charity payments. (Presently the Bingo and Raffle Act only grants jurisdiction over current licensees). It also gives the NMGCB authority to establish qualifications for licenses, categories for permits, standard operating procedures for licensees, conduct background investigations of applicants, primarily through voluntary disclosure and approve all raffles in the state with prizes over \$75 thousand, whether the group holding the raffle is a licensed group or falls under an exception in the Act.

It extends the duration of staff permits for a period of three years, rather than the one year period for which they are currently valid. It increases the maximum allowable license and permit fees. The net affect of the increase and extension is a lower per annum permit fee. (The fees have not been raised or changed since the Act was first passed in 1981.). It requires that bingo equipment be purchased or leased from a New Mexico licensed distributor, manufacturer or licensed Bingo operator.

It authorizes electronic hand held bingo units known as card minders. (These machines assist the audit functions of both the organization and Board staff, in verifying a win, numbers called and the number of games played.) It increases the aggregate amount of all prizes offered on a single occasion is raised from \$1.5 thousand to \$2.5 thousand. This amount had not been changed since 1981 and it is hoped that raising the prize amount will stimulate charitable bingo activity.

It synchronizes the due dates for reporting and paying taxes, increases the maximum amount of fines that can be imposed by the Board to \$1 thousand for a first offense and \$2.5 thousand for a second offense. It removes the requirement that only members of the organization can work in the bingo operation.

FISCAL IMPLICATIONS

Gaming Control Board estimates that this bill would increase tax revenues by approximately \$20.6 thousand, based on the average of 2007 and 2008.

ADMINISTRATIVE IMPLICATIONS

According to TRD, this proposal will require modifications to existing forms and instructions. GenTax changes will be needed. A mail-out will have to be generated to educate taxpayers. This can be done with cooperation from the Gaming Board.

The Information Technology Division of TRD estimates this bill will have a moderate IT impact. It will necessitate reworking the Bingo and Raffle tax in its entirety to accommodate the modified tax and filing structure. A minimum of 300 development hours would be needed for its implementation

TECHNICAL ISSUES

There is a patchwork set of other statutes regarding which groups may hold a fundraising raffle or lottery. See NMSA 1978, Sections 1-19-34(C) & 30-19-6. Even within this bill, explains the AGO, there are several separate sections that address this issue. See Section 5A, 7C, 22, and 26. One uniform section of this topic, which can be reconciled with the above-mentioned statutes, would be helpful to enforcement agencies and the public.

OTHER SUBSTANTIVE ISSUES

According to the Gaming Control Board SB228 would streamline the regulatory process, improving the process both for the Board and its licensees. The proposed changes to the Act would aid organizations involved in charitable gaming by making them more competitive and profitable, and would hopefully encourage an increase in charitable donations.

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