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FISCAL IMPACT REPORT

SPONSOR SJC **ORIGINAL DATE** 03/16/09 **LAST UPDATED** 03/18/09 **HB** _____
SHORT TITLE Gaming Control Act Changes **SB** CS/229/aSFC/aSFI#1
ANALYST Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to SJM17

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Human Services Department (HSD)

Department of Health (DOH)

No Responses Received From

Gaming Control Board (GCB)

Administrative Office of the Courts (AOC)

State Racing Commission (SRC)

SUMMARY

Synopsis of SFI#1 Amendment

The Senate Floor amendment to the Senate Judiciary Committee substitute to Senate Bill 229 clarifies in Section 60-2E-16 NMSA 1978 that the Gaming Control Board shall not issue a license to an applicant who has previously been denied a license or has had one revoked or suspended or is under suspension involving gaming activities unless the board determines that denial, suspension or other limiting action regarding a license, certificate or permit applied for is a technical violation, in which case the board may choose to issue a license.

It also directs the board to require the officers, directors, key executives and holders of an equity security interest of five percent or more of the successor company and any other person specified in the Gaming Control Act to apply for and obtain a certification of finding of suitability.

Synopsis of SFC Amendment

The Senate Finance Committee amendment to substitute Senate Bill 229 requires gaming devices offered for play to be tested and approved by both the GCB and a laboratory selected by GCB or by gaming officials in Nevada or New Jersey.

Synopsis of SJC Substitute Bill

The Senate Judiciary Committee substitute to Senate Bill 229 amends the Gaming Control Act to permit the Gaming Control Board to adopt regulations establishing criteria and conditions for allowing temporary possession of gaming devices for film or theater productions and for other non-gaming purposes. The bill would additionally amend the Act to prohibit certain conflicts of interest by employees of the Gaming Control Board. It defines “cheating” and “foreign institutional investor.”

A gaming operator licensee would be required to apply for and pay a machine license fee for any increase in the number of authorized gaming machines and to notify the Board of any decrease in the number of authorized gaming machines in operation at the licensed premises. The bill also allows a racetrack gaming operator to maintain fewer than four live race days or nine live races on each race day during a licensed race meet under specific conditions.

The bill changes a requirement that a company applicant for a license or renewal of a license under the Act report information to the Gaming Control Board regarding remuneration to persons other than directors, officers and key executives. The Act previously required that such remuneration over \$50,000 be reported to the Board. The bill changes the requirement so that only remuneration over \$100,000 would be reported. The bill would additionally require that a company applicant or company licensee notify the Board in writing if it proposes to transfer ownership of twenty percent or more and provide certain information about the successor company. The bill also provides new “suitability” requirements necessary for officers, directors or certain equity security holder of licensed companies or prospective licensed companies under the Act.

The bill eliminates a previous requirement that a nonprofit organization submit balance and profit and loss statements that have been independently certified by a certified public accountant. The bill would instead require the organization to submit such statements in a manner prescribed by the board.

The bill permits the Board to develop rules to allow a person who is a compulsive gambler to be voluntarily excluded from a gaming establishment.

The bill repeals a provision that requires the posting of the odds of winning on or near each gaming machine.

Finally, the substitute removed material proposed in the original bill that would require the gaming board to develop rules for self-exclusion that would allow a compulsive gambler to apply for exclusion from gaming establishments. The substitute also removed proposed changes to placing liens on winnings of \$1,200 or more by checking the names of winners in a newly devised database which the Human Services Department (HSD) will establish and maintain.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SJM17 which proposes that the district attorneys of the state be requested to make every effort to place defendants who are accused of committing nonviolent offenses that result from the defendant's underlying gambling addiction in pre-prosecution diversion programs.

EO/svb:mc