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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/15

SPONSOR Martinez, K. LAST UPDATED \_\_\_\_\_ HB 316

SHORT TITLE Professional Golf Tournament SB \_\_\_\_\_

ANALYST Clark

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$1,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	Indeterminate			

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Tourism Department

### SUMMARY

#### Synopsis of Bill

House Bill 316 appropriates \$1.5 million from the general fund to the Tourism Department for the purpose of hosting a tournament of a professional golfers' association, contingent on receipt of at least \$1.5 million for the tournament from sources other than the state.

### FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund.

Hosting a professional golf tournament in New Mexico would bring tourists to the state, generating additional state and local tax revenues, but the amount the state would receive is unknown at this time.

### **SIGNIFICANT ISSUES**

*The Economist* reported in 2012 that it's difficult to prove the net benefits of a golf tournament to a community and that estimates of the economic impact are notoriously unreliable. A survey from Smith College of literature on large sporting events also concluded the benefits are hard to pin down.

It is unclear what entity or entities would provide the required matching funds or how the Tourism Department would solicit these funds.

The agency reports it continues to prioritize funds toward efforts that generate the greatest return on investment, achieving this through continuous, measured research of all of the department's efforts. Without thoroughly understanding the economic impact of this event, the Tourism Department has concerns regarding funding this event vis-à-vis other efforts which have proven economically viable.

### **ADMINISTRATIVE IMPLICATIONS**

The Tourism Department would probably need to devote significant staff time and resources toward the event itself and soliciting the matching funds.

JC/bb