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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/22
 SPONSOR HCEDC LAST UPDATED 2/17/22 HB 134/HCEDS/aHAFC
 SHORT TITLE Change Focus of Sports Authority SB _____
 ANALYST Rees

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Up to \$1,000.0			Recurring	

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to General Appropriation Act in HB 2 and HB 107.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Tourism Department
 Economic Development Department
 Office of the Attorney General

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment strikes the \$1 million appropriation in Section 3 of the bill and adjusts the title appropriately.

Synopsis of Original Bill

According to the Economic Development Department, HB134/HCEDS reinstates the Sports Authority Division of the Tourism Department, changes membership of the sports advisory committee while giving the secretary of tourism appointing authority for the committee.

The membership change has several components. First, the sports advisory committee now will consist of seven, rather than 25 members of the public. Second, the members will be appointed by the secretary of tourism rather than governor. Members shall serve at the pleasure of the secretary rather than governor and the secretary rather than governor may fill any vacancies on the committee. No more than three members shall be members of the same political party at the time of their appointments. The committee may elect a chair.

House Bill 134/HCEDS/aHAFC– Page 2

The bill appropriates \$1 million to the tourism department for expenditure in FY23 to reinstate the sports authority division. Unencumbered funds are to be reverted to the general fund at the end of FY23.

There is no effective date on this bill. The effective date is 90 days following adjournment of the 2022 Legislature which is May 18, 2022, per Section IV, Article 23 of the New Mexico Constitution.

FISCAL IMPLICATIONS

According to the Tourism Department, future funding will be necessary to continue the program at appropriate staffing levels.

As noted above, the HAFC amendment strikes the \$1 million appropriation from the HCEDC Substitute and should be found in HB2.

SIGNIFICANT ISSUES

The Tourism Department reports that according to data from Longwoods International, approximately 10 percent of overnight visitors to New Mexico in 2019 participated in some kind of sporting event, whether professional or amateur, as spectator or participant. This was slightly higher than the US average of 8 percent.

The COVID-19 pandemic and subsequent restrictions on mass gatherings disproportionately affected New Mexico's wide variety of events, including sporting events. Though recovery is well underway for most tourism sectors, certain events still require additional support.

PERFORMANCE IMPLICATIONS

According to the Tourism Department, while additional sporting events could help stabilize occupancy rates for local hotels, most events, particularly amateur and youth sporting events, are often difficult to quantify from an economic impact perspective. In order to accurately evaluate the outcomes from this program, the Tourism Department will need to expand its economic impact research scope. Other success metrics, such as number of events recruited, will also be considered in creating an evaluation plan.

There are some urban areas, specifically Rio Rancho, Las Cruces, Albuquerque and Hobbs, that could benefit from this initiative due to having the current infrastructure required to support new sporting events and activities. However, not all communities have prioritized sports for group travel, and therefore, do not have adequate strategies in place to benefit from this effort. It is important to note that recruiting new sports tournaments, games, and similar events requires a multi-year strategy because many sporting events book locations two-five years in advance.

This type of tourism gains a lower rate of return for communities because it generally draws the more frugal traveler. A study from Sports Marketing Surveys USA provides data indicating that the average sports tourist (professional and amateur) spends approximately \$256 per person **per year** on this type of travel. For New Mexico overnight travelers as a whole, the average spend **per trip** for each person was \$281, according to the Longwoods International 2019 survey of American travelers. A 2015 study from Indiana University found that overnight youth sports spectators spend even less—an average of \$240 per person.

ADMINISTRATIVE IMPLICATIONS

According to the Tourism Department, there are currently is no budget and no FTE assigned to administer the Sports Authority Division (SAD) of the Tourism Department.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 2 and HB 107

PROPOSED AMENDMENTS

According to the Office of the Attorney General, the committee substitute’s proposed amendment to NMSA 1978, Section 9-15A-10 (A)(1) refers to recruiting and retaining of “various” forms of professional and amateur sporting events. The term “various” may be vague and should either be defined or replaced with a less ambiguous term such as “all” or “any”.

CR/rl