

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

March 3, 2025

Bill: SB-481

Sponsor: Senator Mimi Stewart

Short Title: State Fairgrounds District Act

Description: This bill enacts the State Fairgrounds District Act (the Act). This Act creates the state fairgrounds district as a political subdivision of the state and sets out the governance of this district, and the governing Board’s powers. The district may issue revenue bonds not to exceed \$1 billion and shall pledge all revenue received by the district from gross receipts tax (GRT) and gaming excise tax distributions created in this bill to repayment of the bonds. The bonds will be exempt from state taxation.

The new State Fair District Fund will receive all GRT from business locations on the state fairgrounds district and all gaming excise tax revenue attributable to gaming activity at the Albuquerque Downs. In this context, and pursuant to the Tax Administration Act, “business locations” means revenue sourced to the new district pursuant to Section 7-1-14 NMSA 1978, i.e. destination sourcing.

Effective Date: Not specified; 90 days following adjournment (June 20, 2025).

Taxation and Revenue Department Analyst: Pedro Clavijo and Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	\$900	\$930	\$950	\$980	R	Section 11: GRT - State Fairgrounds District Fund
--	(\$900)	(\$930)	(\$950)	(\$980)	R	Section 11: GRT - General Fund
--	(\$240)	(\$250)	(\$260)	(\$270)	R	Section 11: Bernalillo County
--	\$11,200	\$11,200	\$11,200	\$11,200	R	Section 12: Gaming Tax - State Fairgrounds District Fund
--	(\$11,200)	(\$11,200)	(\$11,200)	(\$11,200)	R	Section 12: Gaming Tax - General Fund
--	\$12,100	\$12,130	\$12,150	\$12,180	R	Total: State Fairgrounds District Fund
--	(\$12,100)	(\$12,130)	(\$12,150)	(\$12,180)	R	Total: General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: [Section 11]: The Taxation and Revenue Department (Tax & Rev) retrieved taxable gross receipts sourced to the state fairgrounds for fiscal year 2024 from the GRT RP80 report to estimate the fiscal impact to the State and Bernalillo County. Tax & Rev used the current location code and boundaries of the state fairgrounds and assumed they would remain the same. The fiscal impact was grown by taking the GRT revenue growth from the December 2024 Consensus Revenue Estimating Group (CREG) forecast. The state fairgrounds’ existing GRT rate was used in the analysis. The analysis assumes an effective date of July 1, 2025, pursuant to Section 3 of the bill being executed and dedication of the GRT revenue (see Technical Issues).

With respect to the loss of local revenue for Bernalillo County, because the new district is a political subdivision, the County will not collect its local option gross receipts taxes with respect to revenues sourced to the new district under the language of this bill (see Technical Issue identified on page 3, lines 7-9 below).

[Section 12]: To estimate the fiscal impact of Section 12, Tax & Rev assumes the State Fairgrounds District Act is enacted with an effective date of July 1, 2025 (see Technical Issues). Tax & Rev used the historical time series of net receipts paid by Albuquerque Downs Casino, the only casino within the state fairgrounds. Tax & Rev used a time-series analysis using quarterly rates of change within the context of the December 2024 Consensus Revenue Estimating Group (CREG) forecast for gaming excise tax. Albuquerque Downs Casino is forecasted to have flat growth over the revenue impact time frame after seeing a post-pandemic spike in net receipts.

Policy Issues: Some positive dynamic fiscal effects might be derived from the Act. The potential projects the Act can promote may stimulate economic growth, job creation, and the development of new industries. The State can use these projects to maximize economic, fiscal, and social benefits. These projects might allow the State to prioritize industries with high growth and job creation potential. Over time, the area of influence of the Act will be equipped with a more robust productive apparatus to cope with economic, fiscal, and social transformations. Redevelopment of the State Fairgrounds may also have positive impacts on public safety and increase property values in the neighboring areas of Albuquerque.

Technical Issues: [Section 2 and 3]: On page 2, lines 17-18 and on page 3, lines 9-10, the bill states: “district that consists of all land owned by the state”. Tax & Rev suggests removing the word “all”, which would also conform with other definitions of “state fairgrounds” in the Tax Code. *See, e.g.,* Section 7-1-6.46(F)(1)(b) NMSA 1978, (“on land owned by the state, commonly known as the ‘state fairgrounds’, within the exterior boundaries of the municipality.”)

Tax & Rev suggests amending page 14, line 22 through page 15, line 1, to state “equal to the net receipts attributable to the gross receipts tax from business locations within the state fairgrounds district.” This suggested amendment resolves a potential conflict between Sections 2(C) and (E), and Section 11. Subsection 2(C) defines the district as “all land owned by the state ... and lying within the exterior boundaries of the City of Albuquerque”, whereas Subsection 2(E) defines a “property owner” as “a person owning real property within the boundaries of the district.” Section 3(B) gives the board the power to sell the property of the district so, although the initial district is defined as being made up only of state-owned real property, “property owners”, as owners of real property within the district, could be created following formation of the district. But Section 11 only requires distribution of “the net receipts attributable to the gross receipts tax from business locations *on land owned by the state, commonly known as the state fairgrounds...*” This language would potentially exclude gross receipts tax from business locations owned by property owners other than the state.

Page 3, lines 7-9, create the district as a new political subdivision, “separate and apart from a municipality or county.” Currently, the state fairgrounds are part of the unincorporated area of Bernalillo County, and receipts sourced to the state fairgrounds are subject to local option gross receipts tax of the County (but not of the City of Albuquerque). Once the district becomes a political subdivision of its own, Bernalillo County will no longer have the power to tax gross receipts sourced to the district. If this is not the intention of the bill, then clarifying language should be added stating that receipts sourced to the district are still subject to local option gross receipts tax.

There is a potential conflict between HB481 and HB482, its companion legislation, related to a potential overlap in revenue that may be pledged to secure up to \$1 billion in bonds. First, Tax & Rev’s

interpretation is that the two bills each authorize up to \$1 billion in bonds, \$2 billion in total. If this is not the intent, it should be clarified.

Second, SB481 creates the state fairgrounds district as a new political subdivision inside Bernalillo County and exclusive from the City of Albuquerque. The district itself is not a TIDD, though the district’s Board could form a TIDD. SB481 requires the state fairgrounds district to pledge ALL State GRT and gaming excise tax sourced to the state fairgrounds district to repay up to \$1 billion of bonds. Separately, SB482 contemplates that a TIDD formed at the state fairgrounds could pledge the incremental State GRT in the TIDD to repay up to \$1 billion in bonds. Because SB481 requires the district to pledge all the GRT revenues to payment of the district bonds, there would potentially be no revenues to pay the SB482-authorized bonds, at least during the term of any SB 481 bonds.

This bill does not have an effective date. It is always preferred that GRT bills have an effective date of July 1. This allows for the changes to match up with the release of the GRT Filer’s Kit by Tax & Rev. This allows for smoother implementation for both taxpayers and Tax & Rev.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will update forms, instructions, and publications and make information system changes. This implementation will require a new gaming excise tax code to facilitate distribution to the State Fairgrounds District Fund. The State Fairgrounds reporting location for GRT purposes is currently assumed to reflect the correct boundaries for the new political subdivision and will continue to be used for the GRT distribution to the fund.

Tax & Rev’s Administrative Services Division (ASD) will update the general ledger and revenue reporting for the new GRT and gaming excise tax distributions. It is anticipated this work will take approximately 200 hours split between 2 FTE of a pay band 70 and a pay band 80 at a cost of approximately \$12,700. Collaboration and input from the Department of Finance and Administration (DFA) is required as this will decrease General Fund revenue distributions.

This bill will have a high impact on Tax & Rev’s Information Technology Division (ITD), approximately 1000 hours or about 6 months and \$230,000 in contractual costs.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
--	\$12.7	--	\$12.7	NR	ASD – Staff Workload
\$230	--	--	\$230	NR	ITD - Contractual Cost

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills: Companion to SB-482