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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/09

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Develop Heritage Tourism at Blackwater Draw SB 431

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$50.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Eastern New Mexico University (ENMU)
 Energy, Minerals and Natural Resources Department (EMNRD)
 Tourism Department (TD)
 Department of Cultural Affairs (DCA)

SUMMARY

Synopsis of Bill

Senate Bill 431 appropriates \$50.0 from the general fund to the Board of Regents of Eastern New Mexico University to develop heritage tourism of the Blackwater draw for the state and region.

FISCAL IMPLICATIONS

The appropriation of \$50.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was submitted by ENMU to the HED for review. The Department would have a neutral recommendation for this project for FY10, if the State's fiscal outlook improves.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

ENMU states that this bill will provide operational funding for the Blackwater Draw Museum at Eastern New Mexico University. This funding is necessary due to inflation of operating costs and continued sanding of state funding for this important archeological museum. Unless funded, the hours that the museum operates will have to be reduced as well as expenditures for the preservation of the many artifacts associated with this renowned site.

EMNRD states the State Parks Division (SPD) has been working closely with ENMU over the past several years, particularly as SPD was requested by Senate Memorial 42 in 2008 to conduct a feasibility study of the Blackwater Draw Archaeological Site. SM 42 directed SPD to prepare the study to investigate the feasibility of a long-term partnership with ENMU, including analyzing the option of designating the site as a state park.

EMNRD notes further that an appropriation to ENMU would support heritage tourism at Blackwater Draw, which is a National Historic Landmark and significant on the state, national, and international levels. The conclusion of the SPD draft study is that Blackwater Draw does need much assistance, in terms of protecting this important resource and interpreting and marketing it to the public. If the study results in the selection of an alternative that solidifies the partnership between the two agencies or results in a State Park designation for the park, funding from SB 431 could be helpful in protecting the site and in reaching more visitors about its tremendous significance.

TD states that it supports legislation that promotes tourism to the state and the heritage tourism market has long been a valuable segment within the tourism industry, and is always one of the top reasons visitors come to New Mexico.

According to DCA, this bill is a vital and necessary first step toward the successful educational and heritage development of Black Water Draw as a living outdoor museum. DCA notes further that trail development, the apparent for the appropriation, will harden the site against the damages of increased visitation but it will also encourage increased visitation. Fiscal impacts will be recurrent if a public expectation of enhanced access to the site results. The existence of, and nature of, recurrent fiscal obligations will depend on how aggressively ENMU chooses to promote increased visitation.

GH/svb