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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 02/06/14
LAST UPDATED _____ HB _____

SHORT TITLE International Folk Art Market SB 226

ANALYST Soderquist/Thompson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$ 200.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Cultural Affairs

SUMMARY

Synopsis of Bill

Senate Bill 226 appropriates \$200 thousand from the general fund to DCA for the purpose of providing operational support for the “international folk art market” in FY 15.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 15 shall revert to the general fund.

DCA is designated at the department through which this funding will flow.

SIGNIFICANT ISSUES

The International Folk Art Market (“Market”) is an annual event, held each July in conjunction with the Museum of International Folk Art (DCA) on Museum Hill in Santa Fe since 2004. It has developed into a major tourist destination event in northern New Mexico.

According to Market websites <http://www.folkartalliance.org/Markets> and <http://www.folkartmarket.org/> the non-profit organization has, since its founding in 2004,

“hosted more than 700 master folk artists from 87 countries in the world’s largest exhibition and sale of works by master folk artists. Earnings have exceeded \$18.7 million and impacted over one million lives in the cultures and communities they represent. Over 1,700 community volunteers work to produce a Market that in 2013 generated over \$11 million for our local economy.”

The Market reports that in 2013 “Visitors to the Market spent an estimated total of \$9,103,447 generating approximately \$1,027,007 in GRT and lodger’s tax. GRT from artists’ sales totaled \$213,976 paid directly to the State of New Mexico. We estimate overall economic impact to the City and State from visitors on lodging and additional spending as well as from taxes on artists’ sales at nearly \$9 million. Total economic impact of the Market on the region, including contracts and salaries, is \$11.2 million.” The Market also reports that in 2014 over 20,000 visitors attended the Market, an increase of 7% over the previous year.

DCA analysis states: “This appropriation earmarks state funding to make DCA a flow through of state general fund dollars [to] a private non-profit entity and could potentially violate the New Mexico Constitutional anti-donation clause.”

LFC analysis of previous General Fund Appropriation Acts contract lists shows, however, that the Folk Art Market was included in the DCA budget for contractual services, as follows: FY 10, \$180.5 thousand; FY 11 \$179.9 thousand. Contracts were awarded by DCA to the Market for production of the event.

DCA analysis also states that it holds an MOU with the International Folk Art Market, but it is unclear “how this appropriation would meet the goal and objectives of the MOU and/or DCA’s strategic plan.” The DCA strategic plan for FY 15 under objective 3 indicates a new strategy to “promote public-private partnerships through targeted initiatives.” In its SWOT analysis, it also cites “Partnership with public, private and nonprofit sectors” as a “Strength.”

ADMINISTRATIVE IMPLICATIONS

Implementation would be a combined effort of DCA and Folk Art Market staff.

RS/ds