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## FISCAL IMPACT REPORT

SPONSOR: HAFC DATE TYPED: 2/28/03 HB 594/HAFCS  
 AUTHORIZATION: Authorization of State Museum Tax Revenue  
 SHORT TITLE: Bonds for State Museum Renovations SB \_\_\_\_\_  
 ANALYST: Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$5,760.0				Non-Recurring	SBBF

(Parenthesis ( ) Indicate Expenditure Decreases)

Companion to House Appropriations and Finance Committee Substitute for House Bill 496

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
(\$5,760.0)			Non-recurring	SBBF

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Office of Cultural Affairs (OCA)  
 (Capital Improvements Plan) CIP  
 Legislative Finance Committee Files (LFC)

### SUMMARY

#### Synopsis of HB 594/HAFCS Substitute

House Appropriations and Finance Committee Substitute for House Bill 594 authorizes the New Mexico Finance Authority to issue and sell State Museum Revenue Bonds in compliance with the State Building Bonding Act in an amount not to exceed \$5,760.0. The proceeds of the bonds are appropriated to the Office of Cultural Affairs for expenditure in FY2003 and subsequent fiscal years for renovations and maintenance of existing facilities and the development of permanent exhibitions at state museums and monuments. The authorization contained in this bill is contingent upon enactment of House Appropriations and Finance Committee Substitute for

House Bill 496.

Synopsis of HTRC Amendments

The House Taxation and Revenue amendments to House Bill 594, Items 1, 2, and 3 change the purpose of the bond issuance from “construction and renovations” to “maintenance and development of permanent exhibits” throughout the bill. Items 4 and 5 delete specific projects to be funded with bond proceeds and insert language for general “renovations and maintenance of existing facilities and the development of permanent exhibits at state museums.” The amendment eliminates specific funding for continued construction of the annex to the Palace of the Governors (\$4 million) and eliminates specific funding for renovations at the Museum of International Folk Art, Museum of Fine Arts, Museum of Indian Arts and Culture, the Palace of the Governors and other renovations (\$1.8 million).

Synopsis of Original Bill

House Bill 594 authorizes the New Mexico Finance Authority (NMFA) to issue and sell State Museum Tax Revenue Bonds, payable solely from the State Building Bonding Fund, in an amount not to exceed \$5,760,000; and appropriates the proceeds from the sale of the bonds to the Office of Cultural Affairs for the purpose of renovating certain state museums.

Significant Issues

House Bill 594 authorizes NMFA to issue and sell State Museum Tax Revenue Bonds in an amount not to exceed \$5,760,000 for specific projects listed within the Capital Improvement Plan of the Museum of New Mexico. The projects include: \$4,000,000 to continue construction of the annex to the Palace of the Governors; \$460,000 for renovations at the Museum of International Folk Art; \$720,000 for renovations at the Museum of Fine Arts; \$160,000 for renovations at the Museum of Indian Arts and Culture; \$330,000 for renovations at the Palace of the Governors; and \$90,000 for other various renovations.

The Palace of the Governors was erected in 1610 and is one of the oldest and most historic buildings in the United States. Through state funds, private gifts and donations, it has been restored to its ancient outlines with high regard to tradition and historical record. This allows the Palace to expand its role as a history museum over the years and present and collect historic material from every county in the state and other parts of the country. At the same time, priceless collections and other New Mexico historic artifacts have grown beyond the museum’s space capacity and are being stored in substandard conditions. Funding for the construction of the Palace of the Governors annex will enable OCA to fulfill the agency’s mission and performance-based budgeting goals by enhancing programs such as education and outreach and other museum services in adequate facilities. More importantly, completion of the New Mexico Museum of History will help to preserve the Palace of the Governors, which will be conserved and reinterpreted as a historic structure.

The Office of Cultural Affairs owns and maintains 45 buildings throughout New Mexico, requiring maintenance of 861,676 square feet of space. OCA has received only partial funding in previous years and no funding in the last fiscal year for preventive repair and ADA compliance projects. The buildings must be kept safe, functional and attractive to draw the public to the exhibits.

House Bill 496, a companion bill to House Bill 594, authorizes NMFA under the State Building Bonding Act to issue and sell State Museum Tax Revenue Bonds for the purpose of acquiring or renovating state museums when authorized by legislative act and when the State Cultural Affairs Officer certifies the need for the issuance of the bonds.

Current law (Laws of 2001, Chapter 199) provides a financing source for the purchase of state office buildings by earmarking a distribution of state gross receipts tax of up to \$500,000 per month or \$6 million per year to buy and build state office buildings. NMFA is authorized to sell up to \$75 million in Gross Receipts Tax Revenue Bonds to allow the Property Control Division (PCD) of the General Services Department to acquire certain state buildings and property for use as state office buildings. To date, NMFA has financed the first series of State Office Building Tax Revenue Bonds in the amount of \$34.7 million to purchase the NEA building, construct the West Capitol complex, and acquire land for the State Highway & Transportation Department. Of the first issuance of bonds, projects totaling \$10 million (NEA building acquisition, \$5 million and Jaguar Road acquisition, \$5 million) have been delayed or canceled. Issuance of any portion of the remaining \$40.3 million is unlikely during fiscal year 2003, inasmuch as the PERA board has refused the sale of their building. Given the current status of projects authorized for purchase or acquisition with Gross Receipts Tax Revenue Bonds, at least \$3.1 million of the \$6 million of state gross receipts tax is available for other uses each year.

### **FISCAL IMPLICATIONS**

The issuance and sale of bonds and use of the proceeds totaling \$5,760.0 as provided in House Appropriations and Finance Committee Substitute for House Bill 594 is contingent upon passage of House Appropriations and Finance Committee Substitute for House Bill 496.

### **COMPANIONSHIP**

House Appropriations and Finance Committee Substitute for House Bill 496, authorizes NMFA under the State Building Bonding Act to issue and sell State Museum Tax Revenue Bonds for the purpose of renovation and maintenance and the development of permanent exhibits at state museums and monuments when authorized by legislative act and when the State Cultural Affairs officer certifies the need for the issuance of the bonds.

LMK/yr