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FISCAL IMPACT REPORT

SPONSOR Williams **DATE TYPED** 2/03/05 **HB** 198

SHORT TITLE Hubbard Museum of the American West **SB** _____

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$800.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$500.0		Recurring	Cultural Affairs Department

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Cultural Affairs (DCA)

SUMMARY

Synopsis of Bill

House Bill 198 creates the Hubbard Museum of the American West (currently a privately operated museum in Ruidoso Downs, New Mexico) as a division of the Cultural Affairs Department (DCA). The museum includes the buildings, real estate and collections that are being donated to the State of New Mexico by the Hubbard family. HB198 appropriates \$800 thousand from the general fund to DCA to carry out the purposes of the Museum of the American West Act.

Significant Issues

According to DCA, the creation of the Museum of the American West (hereafter, the Hubbard Museum) as a state government entity assumes the assets along with the responsibility for operating the museum in the service of the people of New Mexico and our visitors from other regions. The gift from the Hubbards also includes several historic properties in the town of Lincoln, which will become a part of the Lincoln State Monument.

The museum, as well as additional buildings in historic Lincoln, is currently owned by R.D. and Joan Hubbard. The museum currently operates as a self-supporting non-profit. The museum reports about 25,000 - 27,000 visitors per year, not including attendance at special events.

The primary policy consideration raised by the Hubbard Museum proposal is that it would set a precedent for other museums around the state. Many New Mexico communities (Carlsbad, Silver City, Gallup, Roswell, Deming, Aztec, Chimayo, Corrales, Taos and others) contain high-quality museums that would benefit from additional state funds. Some of these museums are nationally accredited, whereas the Hubbard Museum is not. If and when these facilities require additional funds, it might be preferable for DCA to create partnerships with the museums and to provide small museum grants rather than place facilities under DCA management.

This is a museum with a long history of successful operation as a nonprofit entity with energetic support from the communities of Ruidoso, Ruidoso Downs, and the surrounding vicinity. While converting the museum from a nonprofit to a state agency would secure the future of the Hubbard Museum, these benefits might be offset by greater operating costs, reduced fundraising, and reduced local control of decisions regarding the museum. The switch from nonprofit museum to a state agency will increase the annual operating subsidy from about \$350 thousand from the Hubbards today to \$800 thousand from the general fund. It may be useful to explore whether an alternative funding and management structure would be preferable, whereby the museum would remain a nonprofit entity but would receive an annual state grant to replace the operating subsidies from the Hubbard family that would secure the museum's future.

FISCAL IMPLICATIONS

The appropriation of \$800 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund. The comments submitted by DCA estimate that the museum would generate an additional \$500 thousand in admissions and other enterprise revenues that are not budgeted in HB198 but would be required to support museum operations. The sponsor may wish to amend the bill to appropriate these funds in FY06.

ADMINISTRATIVE IMPLICATIONS

According to DCA, staff for the Hubbard Museum is estimated to include 26.5 FTE's that represent the bulk of the appropriation. The department will accommodate the additional overall administrative duties.

DH/sb