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FISCAL IMPACT REPORT

SPONSOR Wirth **DATE TYPED** 2/18/05 **HB** 585/aHGUAC

SHORT TITLE State Property Transfer to Cultural Affairs **SB** _____

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$35.0	See Narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Cultural Affairs Department (DCA)

Department of Military Affairs (DMA)

SUMMARY

Synopsis of HGUAC Amendment

The amendment clarifies that the Armory would be transferred from the State Armory Board to the Cultural Affairs Department (DCA). It also requires that the property be designated in perpetuity "The Bataan Memorial Complex" in recognition of the military history. It also requires that the Bataan Memorial Museum would remain in its current location in perpetuity.

Synopsis of Original Bill

House Bill 585 would transfer the 7.5-acre property in Santa Fe at 1050 Old Pecos Trail to the DCA. The bill contains an emergency clause.

Significant Issues

The property identified in HB585 as 1050 Old Pecos Trail consists of about 7½ acres with buildings, collectively known as the Armory. The facilities are currently managed by the Armory Board, whose mission is to manage armory facilities for the New Mexico National Guard. The building is leased to the Military Historical Foundation of New Mexico. There are currently four active leases in the Armory buildings, including Santa Fe Children’s Museum, Center for Contemporary Arts, Santa Fe Performing Arts, and the Bataan Memorial Military Museum. Along with the transfer of real property to DCA, this bill would also transfer existing leases and other written agreements attached to the facilities.

DCA noted that the intent of this legislation is to improve the landlord-tenant relationship of the tenants in this facility. Although DCA manages many historical properties, the proposed arrangement differs somewhat from the department’s normal operations. On the other hand, the cultural facilities housed at the Armory property are recognized community assets that would enhance the portfolio of the DCA.

DCA concurs with the HGUAC amendment.

PERFORMANCE IMPLICATIONS

DCA indicated that its performance based budget initiatives include attendance at state museums and other cultural programming and that the organizations housed at the Armory could enhance the Department’s performance expectations by serving a larger number of constituents.

FISCAL IMPLICATIONS

DCA noted there is no appropriation associated with this legislation. The agency assumes that ownership of the property implies assumption of maintenance and repair responsibilities. As this is an historic, state-owned property of significant importance to the history of the state, DCA comments that it may be necessary to consider state funding in the future. The buildings and grounds are in dire need of maintenance and repairs. One of the buildings was in violation of building codes and has been closed since an electrical inspection found violations last year.

ADMINISTRATIVE IMPLICATIONS

Currently the facilities are leased to non-profit art and educational organizations. There would be some impact on DCA’s administrative services division to manage these leases and the resulting interactions with the tenants. DCA’s capital projects manager would be directed to create a list of maintenance priorities to be addressed by the tenants.

The Department of Military Affairs noted that the transfer of the property does not directly address the administrative and fiscal problems that exist with regard to the multiple lessees at the facility.

POSSIBLE QUESTIONS

1. What are the current revenues and costs to operate the Armory? Do revenues cover the costs? If not, how is the difference currently paid?
2. Would the agreement clarify that the Bataan Memorial Military Museum will not be operated by DCA?
3. Should the bill specify from whom the property would be transferred?

DH/lg:yr