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FISCAL IMPACT REPORT

SPONSOR	<u>Varela</u>	ORIGINAL DATE	<u>2-1-06</u>	HB	<u>412/aHGUAC</u>
		LAST UPDATED	<u>2-5-06</u>		
SHORT TITLE	<u>Cultural Affairs Dept. Procurement Exemptions</u>			SB	<u></u>
		ANALYST	<u>Hadwiger</u>		

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

Cultural Affairs Department (CAD)

SUMMARY

Synopsis of HGUAC Amendment

The House Government Urban Affairs Committee amendment to House Bill 412 changes the exemption to the procurement code from “purchases of books printed by the cultural affairs department and intended for resale by the cultural affairs department” to “procurement of printing services for books produced and intended for resale by the cultural affairs department.”

Synopsis of Original Bill

House Bill 412 would exempt from the procurement code purchases of books printed by the Cultural Affairs Department.

FISCAL IMPLICATIONS

There is no direct fiscal impact of this bill to the general fund. CAD reports that selection of print vendors by qualified CAD staff with expertise in book manufacturing will result in high quality books delivered to warehouse on schedule. This will have a positive impact on book sales. Delays in book production schedule due to procurement issues resulted in an estimated \$20,000 in lost income in FY05 for MNM Press.

SIGNIFICANT ISSUES

CAD explained the benefits of the bill as follows. High quality book printing such as typifies Museum of New Mexico Press (MNMP) books is a professionally rendered service. This kind of printing involves standards of experience and excellence that cannot be compromised if MNMP is to serve its central mission as museum publishers. MNMP and DCA personnel are singularly qualified to make judgments as to a printer’s ability to deliver high-quality art book printing and

binding involving a complex understanding of the technical nature of book manufacturing. Currently, book printing is procured through Invitation to Bid which requires award be given to lowest bidder meeting general specifications, but does not allow proper weighting of equally important factors including quality issues. The procurement process in printing of books for resale does not meet the needs of the agency and has resulted in inferior book printing and production delays. This exemption would allow MNMP and DCA to operate more efficiently and cost-effectively through a streamlined procurement process which would result in new books and reprints to be delivered to warehouse earlier in the selling season and prior to books going out of stock.

GSD indicated that the exemption to original bill applied only to books CAD buys from itself for resale. If the intent is to exempt *printing services* used by the Museum of New Mexico Press for the books it has published for resale by CAD, an amendment is required. The HGUAC amendment addresses this concern.

ADMINISTRATIVE IMPLICATIONS

DCA indicates that this exemption will facilitate production of books for the Museum of New Mexico.

DH/yr