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SENATE BILL 525

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

INTRODUCED BY

Shannon Robinson

AN ACT

RELATING TO CULTURAL AFFAIRS; CREATING THE MEDIA ARTS AND ENTERTAINMENT DEPARTMENT; PROVIDING FOR THE COORDINATION AND OVERSIGHT OF MEDIA ARTS IN THE STATE; PROVIDING POWERS AND DUTIES; CREATING A FUND; TRANSFERRING PERSONNEL, FUNCTIONS, MONEY, APPROPRIATIONS, OTHER PROPERTY, CONTRACTUAL OBLIGATIONS AND STATUTORY REFERENCES; RECONCILING MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2005; AMENDING, ENACTING AND RECOMPILING SECTIONS OF THE NMSA 1978; MAKING APPROPRIATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through 12 of this act may be cited as the "Media Arts and Entertainment Department Act".

Section 2. [NEW MATERIAL] PURPOSE.--The purpose of the Media Arts and Entertainment Department Act is to create a

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1 single, unified department to administer all laws and exercise  
2 all functions related to the development of media arts and  
3 entertainment in New Mexico and the creation and implementation  
4 of media arts and entertainment programs, including training  
5 and facilities.

6 Section 3. [NEW MATERIAL] DEFINITIONS.--As used in the  
7 Media Arts and Entertainment Department Act:

8 A. "department" means the media arts and  
9 entertainment department; and

10 B. "executive director" means the executive  
11 director of media arts and entertainment.

12 Section 4. [NEW MATERIAL] DEPARTMENT ESTABLISHED.--The  
13 "media arts and entertainment department" is created in the  
14 executive branch. The department is not a cabinet department.  
15 The department includes the following divisions:

16 A. administrative services division;

17 B. film division, including the following bureaus:

18 (1) production services bureau;

19 (2) New Mexico filmmakers bureau; and

20 (3) film museum bureau;

21 C. general media arts and entertainment division,  
22 including the following bureaus:

23 (1) corporate services bureau;

24 (2) games and animation bureau;

25 (3) digital imaging technologies bureau; and

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1 (4) music bureau; and

2 D. media arts education division.

3 Section 5. [NEW MATERIAL] EXECUTIVE DIRECTOR OF MEDIA  
4 ARTS AND ENTERTAINMENT.--The chief executive and administrative  
5 officer of the department is the "executive director of media  
6 arts and entertainment". The executive director shall be  
7 appointed by the governor with the consent of the senate and  
8 shall hold office at the pleasure of the governor.

9 Section 6. [NEW MATERIAL] EXECUTIVE DIRECTOR--POWERS AND  
10 DUTIES.--

11 A. The executive director is responsible to the  
12 governor for the operation of the department. It is the  
13 executive director's duty to manage all operations of the  
14 department and to administer and enforce the laws with which  
15 the executive director or the department is charged.

16 B. To perform the executive director's duties, the  
17 executive director has every power expressly enumerated in the  
18 laws, whether granted to the executive director or the  
19 department or any division of the department, except where  
20 authority conferred upon any division is explicitly exempted  
21 from the executive director's authority by statute. In  
22 accordance with these provisions, the executive director shall:

23 (1) except as otherwise provided in the Media  
24 Arts and Entertainment Department Act, exercise general  
25 supervisory and appointing authority over all department

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1 employees, subject to any applicable personnel laws and rules;

2 (2) delegate authority to subordinates as the  
3 executive director deems necessary and appropriate, clearly  
4 delineating such delegated authority and the limitations  
5 thereto;

6 (3) organize the department into those  
7 organizational units that the executive director deems will  
8 enable it to function most efficiently, subject to any  
9 provisions of law requiring or establishing specific  
10 organizational units;

11 (4) within the limitations of available  
12 appropriations and applicable laws, employ and fix the  
13 compensation of those persons necessary to discharge the  
14 executive director's duties;

15 (5) take administrative action by issuing  
16 orders and instructions, not inconsistent with the law, to  
17 assure implementation of and compliance with the provisions of  
18 law for whose administration or execution the executive  
19 director is responsible and to enforce those orders and  
20 instructions by appropriate administrative action or actions in  
21 the courts;

22 (6) conduct research and studies that will  
23 improve the operations of the department and the provision of  
24 services to the citizens of the state;

25 (7) provide courses of instruction and

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1 practical training for employees of the department and other  
2 persons involved in the administration of programs, with the  
3 objective of improving the operations and efficiency of  
4 administration; and

5 (8) prepare an annual budget of the  
6 department.

7 C. The executive director may apply for and  
8 receive, with the governor's approval, in the name of the  
9 department any public or private funds, including United States  
10 government funds, available to the department to carry out its  
11 programs, duties or services.

12 D. The executive director may make and adopt such  
13 reasonable and procedural rules as may be necessary to carry  
14 out the duties of the department and its divisions. No rule  
15 promulgated by the director of any division in carrying out the  
16 functions and duties of the division shall be effective until  
17 approved by the executive director, unless otherwise provided  
18 by law. Unless otherwise provided by law, no rule affecting  
19 any person or agency outside the department shall be adopted,  
20 amended or repealed without a public hearing on the proposed  
21 action before the executive director or a hearing officer  
22 designated by the executive director. The public hearing shall  
23 be held in Santa Fe unless otherwise permitted by statute.  
24 Notice of the subject matter of the rule, the action proposed  
25 to be taken, the time and place of the hearing, the manner in

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1 which interested persons may present their views and the method  
2 by which copies of the proposed rule, proposed amendment or  
3 repeal of an existing rule may be obtained shall be published  
4 once at least thirty days prior to the hearing date in a  
5 newspaper of general circulation and mailed at least thirty  
6 days prior to the hearing date to all persons who have made a  
7 written request for advance notice of hearing. All rules shall  
8 be filed in accordance with the State Rules Act.

9 Section 7. [NEW MATERIAL] DEPARTMENT--ADDITIONAL  
10 DUTIES.--The department shall:

11 A. develop and implement a strategic plan for  
12 building a media arts and entertainment infrastructure in New  
13 Mexico, including studios and postproduction facilities and a  
14 trained workforce to provide all technical and professional  
15 services required by media arts and entertainment, including  
16 video gaming, animation and other digital visualization  
17 industries;

18 B. actively recruit filmmakers and production  
19 companies to film in New Mexico;

20 C. actively recruit media arts production, media-  
21 related and entertainment companies to locate their businesses  
22 in New Mexico;

23 D. assist in designing workforce training programs  
24 for film production and other positions in media arts and  
25 entertainment;

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1 E. develop, update and publish directories of  
2 personnel, services, venues, locations and other information  
3 pertaining to media arts and entertainment, including film and  
4 related media and music;

5 F. promote and preserve New Mexico's musical  
6 traditions and music industry;

7 G. coordinate and oversee media-related programs  
8 that receive state funding; and

9 H. coordinate and oversee the creation and  
10 sustainability of special media-related education or  
11 entertainment projects of state agencies or institutions and  
12 assist other state agencies and institutions in developing  
13 media arts and entertainment programs for the target  
14 populations they serve.

15 Section 8. [NEW MATERIAL] DIVISION DIRECTORS.--The  
16 executive director shall appoint, with the approval of the  
17 governor, "directors" of the divisions established within the  
18 department. The positions so appointed are exempt from the  
19 Personnel Act.

20 Section 9. [NEW MATERIAL] BUREAU CHIEFS.--The executive  
21 director shall establish within each division such "bureaus" as  
22 the executive director deems necessary to carry out the  
23 provisions of the Media Arts and Entertainment Department Act.  
24 The executive director shall appoint a "chief" to be the  
25 administrative head of any such bureau. The positions so

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1 appointed shall be exempt from the Personnel Act.

2 Section 10. [NEW MATERIAL] ADMINISTRATIVE SERVICES  
3 DIVISION--DUTIES.--

4 A. The administrative services division of the  
5 department shall provide administrative services to the  
6 department, including keeping all official records of the  
7 department and providing clerical services in the areas of  
8 personnel and budget preparation.

9 B. In addition to its other duties, the division  
10 shall coordinate long- and short-term planning of the  
11 department and administer programs and grants that have been  
12 assigned generally to the department by the governor or by law.

13 Section 11. [NEW MATERIAL] ORGANIZATIONAL UNITS OF  
14 DEPARTMENT--POWERS AND DUTIES SPECIFIED BY LAW--ACCESS TO  
15 INFORMATION.--Those organizational units of the department and  
16 the officers of those units specified by law shall have all of  
17 the powers and duties enumerated in the specific laws involved.  
18 However, the carrying out of those powers and duties shall be  
19 subject to the direction and supervision of the executive  
20 director, and the executive director shall retain the final  
21 decision-making authority and responsibility for the  
22 administration of any such laws as provided in Subsection B of  
23 Section 6 of the Media Arts and Entertainment Department Act.  
24 The department shall have access to all records, data and  
25 information of other state departments, agencies and

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1 institutions, including its own organizational units, not  
2 specifically held confidential by law.

3 Section 12. Section 9-15-4.1 NMSA 1978 (being Laws 2003,  
4 Chapter 97, Section 1, as amended) is recompiled into the Media  
5 Arts and Entertainment Department Act and amended to read:

6 "GOVERNOR'S COUNCIL ON FILM AND MEDIA INDUSTRIES--  
7 CREATED--MEMBERSHIP--EXECUTIVE BOARD.--

8 A. The "governor's council on film and media  
9 industries" is created to advise the media arts and  
10 entertainment department and the governor on ways to promote  
11 film production in New Mexico, assist in the design and  
12 implementation of the department's strategic plan for building  
13 a media infrastructure in the state, assist in designing a  
14 workforce training program for film production and make  
15 recommendations for incentives and funding for these efforts.

16 B. The governor's council on film and media  
17 industries shall be composed of no more than thirty members  
18 appointed by the governor for four-year staggered terms;  
19 provided that the initial appointments shall be made so that  
20 one-half of the members shall be appointed for two-year terms  
21 and one-half of the members shall be appointed for four-year  
22 terms. Terms shall expire on January 1.

23 C. From the membership of the governor's council on  
24 film and media industries, the governor shall appoint a seven-  
25 member "executive board". At least five members of the

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1 executive board shall have experience in some aspect of film  
2 production. The executive board shall:

3 (1) with the approval of the [~~secretary~~]  
4 executive director, create subcommittees of the governor's  
5 council on film and media industries and name the [~~chairmen~~]  
6 chairpersons of those subcommittees;

7 (2) coordinate activities of the subcommittees  
8 and the governor's council on film and media industries; and

9 (3) develop recommendations pertaining to the  
10 charges of the governor's council on film and media industries  
11 for the consideration of the [~~governor's~~] council [~~on film and~~  
12 ~~media industries~~].

13 D. The governor shall name the [~~chairman~~]  
14 chairperson of the governor's council on film and media  
15 industries, who shall serve as the [~~chairman~~] chairperson of  
16 the executive board. The [~~governor's~~] council [~~on film and~~  
17 ~~media industries~~] may elect such other officers as it deems  
18 necessary. The [~~governor's~~] council [~~on film and media~~  
19 ~~industries~~] shall meet at the call of the [~~chairman~~]  
20 chairperson, at least quarterly. Members of the [~~governor's~~]  
21 council [~~on film and media industries~~] may receive per diem and  
22 mileage for travel within New Mexico as provided in the Per  
23 Diem and Mileage Act, but shall receive no other compensation,  
24 perquisite or allowance.

25 E. Staff for the governor's council on film and

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1 media industries shall be provided by the department.

2 F. The governor's council on film and media  
3 industries shall report to the department, the governor and the  
4 legislature by December 1 of each year on its activities and  
5 recommendations."

6 Section 13. Section 7-2F-1 NMSA 1978 (being Laws 2002,  
7 Chapter 36, Section 1, as amended) is amended to read:

8 "7-2F-1. FILM PRODUCTION TAX CREDIT.--

9 A. The tax credit created by this section may be  
10 referred to as the "film production tax credit". An eligible  
11 film production company may apply for, and the taxation and  
12 revenue department may allow, a tax credit in an amount equal  
13 to the percentage specified in Subsection B of this section  
14 of:

15 (1) direct production expenditures made in  
16 New Mexico that are directly attributable to the production  
17 in New Mexico of a film or commercial audiovisual product and  
18 that are subject to taxation by the state of New Mexico; and

19 (2) postproduction expenditures made in New  
20 Mexico that are:

21 (a) directly attributable to the  
22 production of a commercial film or audiovisual product;

23 (b) for services performed in New  
24 Mexico; and

25 (c) subject to taxation by the state

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1 of New Mexico.

2 B. Except as provided in Subsection C of this  
3 section, the percentage to be applied in calculating the  
4 amount of the film production tax credit is:

5 (1) twenty percent; and

6 (2) for taxable years beginning prior to  
7 January 1, 2009, an additional five percent.

8 C. The additional five percent tax credit amount  
9 pursuant to Paragraph (2) of Subsection B of this section  
10 shall not be available with respect to expenditures  
11 attributable to a production for which the film production  
12 company receives a tax credit pursuant to the federal new  
13 markets tax credit program.

14 D. The film production tax credit shall not be  
15 claimed with respect to direct production expenditures or  
16 post-production expenditures for which the film production  
17 company has delivered a nontaxable transaction certificate  
18 pursuant to Section 7-9-86 NMSA 1978.

19 E. A long-form narrative film production for  
20 which the film production tax credit is claimed pursuant to  
21 Paragraph (1) of Subsection A of this section shall contain  
22 an acknowledgment that the production was filmed in New  
23 Mexico.

24 F. To be eligible for the film production tax  
25 credit, a film production company shall submit to the [New

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1 ~~Mexico film division of the economic development~~ media arts  
2 and entertainment department information required by the  
3 ~~[division]~~ department to demonstrate conformity with the  
4 requirements of this section and shall agree in writing:

5 (1) to pay all obligations the film  
6 production company has incurred in New Mexico;

7 (2) to publish, at completion of principal  
8 photography, a notice at least once a week for three  
9 consecutive weeks in local newspapers in regions where  
10 filming has taken place to notify the public of the need to  
11 file creditor claims against the film production company by a  
12 specified date;

13 (3) that outstanding obligations are not  
14 waived should a creditor fail to file by the specified date;  
15 and

16 (4) to delay filing of a claim for the film  
17 production tax credit until the ~~[New Mexico film division]~~  
18 media arts and entertainment department delivers written  
19 notification to the taxation and revenue department that the  
20 film production company has fulfilled all requirements for  
21 the credit.

22 G. The ~~[New Mexico film division]~~ media arts and  
23 entertainment department shall determine the eligibility of  
24 the company and shall report this information to the taxation  
25 and revenue department in a manner and at times the ~~[economic~~

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1 ~~development]~~ media arts and entertainment department and the  
2 taxation and revenue department shall agree upon.

3 H. To receive a film production tax credit, a  
4 film production company shall apply to the taxation and  
5 revenue department on forms and in the manner the department  
6 may prescribe. The application shall include a certification  
7 of the amount of direct production expenditures or post-  
8 production expenditures made in New Mexico with respect to  
9 the film production for which the film production company is  
10 seeking the film production tax credit. If the requirements  
11 of this section have been complied with, the taxation and  
12 revenue department shall approve the film production tax  
13 credit and issue a document granting the tax credit.

14 I. The film production company may apply all or a  
15 portion of the film production tax credit granted against  
16 personal income tax liability or corporate income tax  
17 liability. If the amount of the film production tax credit  
18 claimed exceeds the film production company's tax liability  
19 for the taxable year in which the credit is being claimed,  
20 the excess shall be refunded."

21 Section 14. Section 7-9-86 NMSA 1978 (being Laws 1995,  
22 Chapter 80, Section 1, as amended) is amended to read:

23 "7-9-86. DEDUCTION--GROSS RECEIPTS TAX--SALES TO  
24 QUALIFIED FILM PRODUCTION COMPANY.--

25 A. Receipts from selling or leasing property and

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1 from performing services may be deducted from gross receipts  
2 or from governmental gross receipts if the sale, lease or  
3 performance is made to a qualified production company that  
4 delivers a nontaxable transaction certificate to the seller,  
5 lessor or performer.

6 B. For the purposes of this section:

7 (1) "film" means a single media or  
8 multimedia program, including an advertising message, that:

9 (a) is fixed on film, digital medium,  
10 videotape, computer disc, laser disc or other similar  
11 delivery medium;

12 (b) can be viewed or reproduced;

13 (c) is not intended to and does not  
14 violate a provision of Chapter 30, Article 37 NMSA 1978; and

15 (d) is intended for reasonable  
16 commercial exploitation for the delivery medium used;

17 (2) "production company" means a person that  
18 produces one or more films for exhibition in theaters, on  
19 television or elsewhere;

20 (3) "production costs" means the costs of  
21 the following:

22 (a) a story and scenario to be used  
23 for a film;

24 (b) salaries of talent, management and  
25 labor, including payments to personal services corporations

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1 for the services of a performing artist;

2 (c) set construction and operations,  
3 wardrobe, accessories and related services;

4 (d) photography, sound  
5 synchronization, lighting and related services;

6 (e) editing and related services;

7 (f) rental of facilities and  
8 equipment; or

9 (g) other direct costs of producing  
10 the film in accordance with generally accepted entertainment  
11 industry practice; and

12 (4) "qualified production company" means a  
13 production company that meets the provisions of this section  
14 and has registered or will register with the [~~New Mexico film~~  
15 ~~division of the economic development~~] media arts and  
16 entertainment department.

17 C. A qualified production company may deliver the  
18 nontaxable transaction certificates authorized by this  
19 section only with respect to production costs."

20 Section 15. Section 7-27-5.26 NMSA 1978 (being Laws  
21 2000 (2nd S.S.), Chapter 6, Section 2, as amended by Laws  
22 2005, Chapter 101, Section 2 and by Laws 2005, Chapter 106,  
23 Section 1) is amended to read:

24 "7-27-5.26. INVESTMENT IN FILMS TO BE PRODUCED IN NEW  
25 MEXICO.--

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1           A. No more than five percent of the market value  
2 of the severance tax permanent fund may be invested in New  
3 Mexico film private equity funds or a New Mexico film project  
4 under this section.

5           B. If an investment is made under this section,  
6 not more than fifteen million dollars (\$15,000,000) of the  
7 amount authorized for investment pursuant to Subsection A of  
8 this section shall be invested in any one New Mexico film  
9 private equity fund or any one New Mexico film project.

10           C. The state investment officer shall make  
11 investments pursuant to this section only upon approval of  
12 the state investment council after a review by the private  
13 equity investment advisory committee and the [~~New Mexico film~~  
14 ~~division of the economic development~~] media arts and  
15 entertainment department. The state investment officer may  
16 make debt or equity investments pursuant to this section only  
17 in New Mexico film projects or New Mexico film private equity  
18 funds that invest only in film projects that:

19                   (1) are filmed wholly or substantially in  
20 New Mexico;

21                   (2) have shown to the satisfaction of the  
22 [~~New Mexico film division~~] media arts and entertainment  
23 department that a distribution contract is in place with a  
24 reputable distribution company;

25                   (3) have agreed that, while filming in New

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1 Mexico, a majority of the production crew will be New Mexico  
2 residents;

3 (4) have posted a completion bond that has  
4 been approved by the [~~New Mexico film division~~] media arts  
5 and entertainment department; provided that a completion bond  
6 shall not be required if the fund or project is guaranteed  
7 pursuant to Paragraph (5) of this subsection; and

8 (5) have obtained a full, unconditional and  
9 irrevocable guarantee of repayment of the invested amount in  
10 favor of the severance tax permanent fund:

11 (a) from an entity that has a credit  
12 rating of not less than Baa or BBB by a national rating  
13 agency;

14 (b) from a substantial subsidiary of  
15 an entity that has a credit rating of not less than Baa or  
16 BBB by a national rating agency;

17 (c) by providing a full, unconditional  
18 and irrevocable letter of credit from a United States  
19 incorporated bank with a credit rating of not less than A by  
20 a national rating agency; or

21 (d) from a substantial and solvent  
22 entity as determined by the state investment council in  
23 accordance with its standards and practices; or

24 (6) if not guaranteed pursuant to Paragraph  
25 (5) of this subsection, have obtained no less than one-third

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1 of the estimated total production costs from other sources as  
2 approved by the state investment officer.

3 D. The state investment officer may loan at a  
4 market rate of interest, with respect to an eligible New  
5 Mexico film project, up to eighty percent of an expected and  
6 estimated film production tax credit available to a film  
7 production company pursuant to the provisions of Section  
8 7-2F-1 NMSA 1978; provided that the film production company  
9 agrees to name the state investment officer as its agent for  
10 the purpose of filing an application for the film production  
11 tax credit to which the company is entitled if the company  
12 does not apply for the film production tax credit. The [~~New~~  
13 ~~Mexico film division of the economic development~~] media arts  
14 and entertainment department shall determine the estimated  
15 amount of a film production tax credit. The state investment  
16 council shall establish guidelines for the state investment  
17 officer's initiation of a loan and the terms of the loan.

18 E. As used in this section:

19 (1) "film project" means a single media or  
20 multimedia program, including advertising messages, fixed on  
21 film, videotape, computer disc, laser disc or other similar  
22 delivery medium from which the program can be viewed or  
23 reproduced and that is intended to be exhibited in theaters;  
24 licensed for exhibition by individual television stations,  
25 groups of stations, networks, cable television stations or

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1 other means; or licensed for the home viewing market; and

2 (2) "New Mexico film private equity fund"  
3 means any limited partnership, limited liability company or  
4 corporation organized and operating in the United States  
5 that:

6 (a) has as its primary business  
7 activity the investment of funds in return for equity in film  
8 projects produced wholly or partly in New Mexico;

9 (b) holds out the prospects for  
10 capital appreciation from such investments; and

11 (c) accepts investments only from  
12 accredited investors as that term is defined in Section 2 of  
13 the federal Securities Act of 1933, as amended, and rules  
14 promulgated pursuant to that section."

15 Section 16. Section 9-15-4 NMSA 1978 (being Laws 1983,  
16 Chapter 297, Section 4, as amended) is amended to read:

17 "9-15-4. DEPARTMENT ESTABLISHED.--There is created in  
18 the executive branch the "economic development department".  
19 The department shall be a cabinet department and shall  
20 consist of, but not be limited to, [~~five~~] four divisions as  
21 follows:

22 A. the administrative services division;

23 B. the economic development division;

24 [~~C. the New Mexico film division;~~

25 ~~D.~~] C. the technology enterprise division; and

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1           ~~[E-]~~ D. the trade and Mexican affairs division."

2           Section 17. Section 15-3-6.1 NMSA 1978 (being Laws  
3           2001, Chapter 195, Section 1) is amended to read:

4           "15-3-6.1. STATE PENITENTIARY--LEASE FOR MOTION  
5           PICTURES.--The corrections department, the property control  
6           division of the general services department and the ~~[New~~  
7           ~~Mexico film division of the economic development]~~ media arts  
8           and entertainment department shall enter into a joint powers  
9           agreement to make the old state penitentiary at Santa Fe  
10          available for use by the motion picture industry. The  
11          property and structures that fall within the existing  
12          security perimeter fence at the old state penitentiary at  
13          Santa Fe and any building not used by the corrections  
14          department that is within three hundred yards of the outside  
15          of the security perimeter fence of the old state penitentiary  
16          at Santa Fe shall be made available for lease at reasonable  
17          market rates to the motion picture industry for economic  
18          development."

19          Section 18. Section 18-14-3 NMSA 1978 (being Laws 2003,  
20          Chapter 250, Section 3, as amended) is amended to read:

21          "18-14-3. MUSEUM--LOCATION--PROPERTY.--

22                 A. The "New Mexico film museum" is created within  
23          the ~~[cultural affairs]~~ media arts and entertainment  
24          department. The museum shall be located in Santa Fe.

25                 B. All real or personal property held or

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1 subsequently acquired for the operation of the museum shall  
2 be under the control and authority of the board.

3 C. Funds or other property received as a gift,  
4 endowment or legacy shall remain under the control of the  
5 board and shall, upon acceptance, be used for the operation  
6 of the museum."

7 Section 19. Section 18-14-4 NMSA 1978 (being Laws 2003,  
8 Chapter 250, Section 4, as amended) is amended to read:

9 "18-14-4. BOARD--APPOINTMENT--TERMS--OFFICERS.--

10 A. The "board of trustees of the New Mexico film  
11 museum" is created.

12 B. The board shall consist of eleven members who  
13 are residents of New Mexico, appointed by the governor with  
14 the advice and consent of the senate. In making the  
15 appointments, the governor shall give due consideration to  
16 the geographic distribution of the members' places of  
17 residence. The members shall be persons who have expertise  
18 or have demonstrated a continuing interest in the fields of  
19 film, filmmaking or museums; provided that one of the members  
20 shall be the director of the [~~New Mexico~~] film division of  
21 the [~~economic development~~] media arts and entertainment  
22 department or the director's designee.

23 C. The board members shall be appointed for terms  
24 of four years or less so that all terms are coterminous with  
25 the current term of the governor who appointed them. The

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underscoring material = new  
[bracketed material] = delete

1 board members shall serve at the pleasure of the governor.

2 D. The secretary of cultural affairs or the  
3 secretary's designee shall be an ex-officio nonvoting member  
4 of the board.

5 E. The president of the board shall be designated  
6 by the governor and shall serve in that capacity at the  
7 pleasure of the governor. Other officers shall be elected  
8 annually by the board at its first scheduled meeting after  
9 July 1 of each year."

10 Section 20. A new section of the New Mexico Film Museum  
11 Act is enacted to read:

12 "[NEW MATERIAL] FILM MUSEUM FUND--CREATED--PURPOSE.--The  
13 "film museum fund" is created as a nonreverting fund in the  
14 state treasury. The fund consists of appropriations, gifts,  
15 grants, donations and money earned by the New Mexico film  
16 museum through ticket sales, concessions, leasing of the  
17 theater in which the New Mexico film museum is housed and the  
18 sale of other goods and services. The fund shall be  
19 administered by the media arts and entertainment department,  
20 and money in the fund is appropriated to the film museum  
21 bureau to operate the New Mexico film museum. Disbursements  
22 from the fund shall be by warrant of the secretary of finance  
23 and administration upon vouchers signed by the director of  
24 the film division or the director's authorized  
25 representative."

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1           Section 21. TEMPORARY PROVISION--TRANSFERS.--

2           A. On the effective date of this act, all  
3 functions, personnel, appropriations, money, records, files,  
4 furniture, equipment, supplies and other property of the New  
5 Mexico film division of the economic development department  
6 are transferred to the media arts and entertainment  
7 department.

8           B. On the effective date of this act, all  
9 functions, personnel, appropriations, money, records, files,  
10 furniture, equipment, supplies and other property of the New  
11 Mexico film museum and the board of trustees of the museum  
12 are transferred to the media arts and entertainment  
13 department.

14           C. On the effective date of this act, all  
15 contractual obligations of the New Mexico film division of  
16 the economic development department are binding on the media  
17 arts and entertainment department.

18           D. On the effective date of this act, all  
19 contractual obligations of the New Mexico film museum or the  
20 board of trustees of the New Mexico film museum are binding  
21 on the media arts and entertainment department.

22           E. On the effective date of this act, all  
23 references in law to the New Mexico film division of the  
24 economic development department are deemed to be references  
25 to the media arts and entertainment department.

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1 F. On the effective date of this act, all  
2 references in law to the New Mexico film museum or the board  
3 of trustees of the New Mexico film museum are deemed to be  
4 references to the media arts and entertainment department.

5 Section 22. APPROPRIATION.--Five hundred thousand  
6 dollars (\$500,000) is appropriated from the general fund to  
7 the department of finance and administration for expenditure  
8 in fiscal year 2008 to establish the media arts and  
9 entertainment department. Any unexpended or unencumbered  
10 balance remaining at the end of fiscal year 2008 shall revert  
11 to the general fund.

12 Section 23. EFFECTIVE DATE.--The effective date of the  
13 provisions of this act is July 1, 2007.

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