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FISCAL IMPACT REPORT

ORIGINAL DATE 2/07/2007

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Cultural Affairs Dept. Procurement Exemptions SB 275

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	*NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Cultural Affairs Department (CAD)
 General Services Department (GSD)
 New Mexico Tourism Department (NMTD)

SUMMARY

Synopsis of Bill

Senate Bill 275 amends Section 13-1-98 NMSA 1978 to add a provision that the Museum of New Mexico press program shall be exempted from provisions of the procurement act. The amended legislation would allow materials printed for sale by the press to be contracted to other printers.

FISCAL IMPLICATIONS

*Senate Bill 275 carries no fiscal impact. If enacted, the bill would exempt literary products from the Museum of New Mexico Press from the procurement code.

The ability to procure printing services for items intended for resale through an exemption from the procurement code would enable the agency to produce products that are more appealing for purchase by consumers. Similar promotional products (for resale) from State Agencies such as the Tourism department's *New Mexico* magazine are already exempted from the procurement

process, and this amendment would make the statute parallel among these two agencies for essentially the same purpose. The press is a self-sustaining, revenue-generating enterprise and receives only 12 percent of operating budget through the General Fund. The ability to select high quality publishers can directly increase the department's enterprise-revenue generation.

SIGNIFICANT ISSUES

The mission of the press is to publish books that reflect the collections of the museums of the Department of Cultural Affairs, and books that educate and entertain audiences about the arts and culture of New Mexico and the southwestern region.

The books produced by MNM Press and other divisions of DCA provide important outreach and stimulate interests in the state, including tourism generated revenue. This bill will assist MNMP in support of its mission and program.

The procurement process in printing of books for resale does not meet the quality needs of the agency and has resulted in inferior quality book printing and production delays. Additionally, the manufacturing flexibility this legislation could allow can allow the press to manage its inventory more effectively, reducing costs of storage (just in time manufacturing, JIT).

The General Services department maintains that competition among local vendors will be negatively impacted, however, the department also suggests the use of the State Printing program, citing recent investments in printing equipment.

The production quality for the level of high-resolution, photo-illustrated literature Museum of New Mexico press aspires to offer is available through several national and international specialty publishers.

PERFORMANCE IMPLICATIONS

No significant performance implications.

RELATES

SB 275 relates to Section 13-1-98 Exemptions to the Procurement Code Paragraph W. The addition to the procurement code that this bill proposes is similar to Paragraph W; which exempts "purchases of promotional goods intended for resale by the *tourism department*."

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If Senate Bill 275 is not enacted, two agencies with essentially the same mission regarding promotional materials will be treated inequitably.

POSSIBLE QUESTIONS

Would the Museum of New Mexico Press necessarily follow Tourism's model of selecting vendors?