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## FISCAL IMPACT REPORT

ORIGINAL DATE 1-24-2008

SPONSOR Steinborn LAST UPDATED \_\_\_\_\_ HB 313

SHORT TITLE Las Cruces Veterans Museum SB \_\_\_\_\_

ANALYST Dearing

### APPROPRIATION (dollars in thousands)

| Appropriation |         | Recurring<br>or Non-Rec | Fund<br>Affected |
|---------------|---------|-------------------------|------------------|
| FY08          | FY09    |                         |                  |
|               | \$250.0 | Recurring               | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY08 | FY09 | FY10   | 3 Year<br>Total Cost | Recurring<br>or Non-Rec | Fund<br>Affected |
|--------------|------|------|--------|----------------------|-------------------------|------------------|
| <b>Total</b> |      |      | *\$.01 | *\$.01               | Recurring               | General<br>Fund  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Bill 313 appropriates \$250 thousand from the general fund to Cultural Affairs department for the purpose of developing a veteran's museum in Las Cruces.

### FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in House Bill 313 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

The establishment of an additional museum within the Cultural Affairs department system will increase annual operating costs independent of any capital costs associated with construction.

This fiscal impact report does not estimate construction and other capital (land) costs. The additional operating costs are estimated using the average costs of other museums in this system

as proxy for recurring operating costs for a new museum.

\*Additional annual operating costs for the proposed veterans' museum in House Bill 313 are unknown. Other museums within the Cultural Affairs department system have a range of annual operating costs from a low of \$1.7 million to a high of \$2.8 million with an average of \$2.2 million.

### **SIGNIFICANT ISSUES**

While recognizing the economic value of museums at the local level, LFC staff remains concerned over the department's ability to address deferred maintenance and the funds needed to restore or enhance extremely valuable existing collections and exhibits. National data shows significant returns to the state's appropriations with increased attendance when facilities and exhibits are properly maintained and rotated.

The LFC remains concerned with the department's ability to cover additional operating expenses, both when new state-owned facilities are brought on line as well as operating commitments to private and local government facilities. In many instances, acceptances of additional facilities incur additional operating costs to the department, placing strain on the facilities maintenance budget the department receives to address the buildings' conditions. Because the DCA properties are not under the jurisdiction of the Property Control Division of the General Services Department, the DCA is responsible for maintenance and renovation of its own facilities and exhibits, including restoration of art collections.

### **PERFORMANCE IMPLICATIONS**

Upon legislative enactment and completion of this museum, the LFC recommends that the Cultural Affairs department submit a plan for program evaluation with specific program goals and criteria for assessing the effectiveness and provide suggested outputs, outcomes and performance measures to evaluate the performance of state government programs as prescribed in the Accountability in Government Act.

PD/mt