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FISCAL IMPACT REPORT

SPONSOR <u>Johnson</u>	LAST UPDATED <u>2/24/23</u> ORIGINAL DATE <u>2/2/23</u>
SHORT TITLE <u>Intertribal Indian Ceremonial Association</u>	BILL NUMBER <u>House Bill 161/aHAFC/aSIRC</u>
ANALYST <u>Dick-Peddie</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Operating Costs to DFA		\$30.0-\$100.0	\$30.0-\$100.0	\$60.0-\$200.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From

New Mexico Tourism Department (NMTD)
 Indian Affairs Department (IAD)
 Economic Development Department (EDD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SIRC Amendment to House Bill 161

The Senate Indian, Rural and Cultural Affairs Committee amendment to House Bill 161 changes the name of the act, and all associated boards, from the “Intertribal Ceremonial Act” to the “Intertribal Indian Ceremonial Act.”

Synopsis of HAFC Amendment to House Bill 161

The House Appropriations and Finance Committee removed the appropriation contained in the bill. The appropriation is included in the House Appropriations and Finance Committee substitute for House Bill 2 (see “Fiscal Impact”).

Synopsis of House Bill 161

House Bill 161 appropriates \$300 thousand from the general fund to the Local Government

Division of the Department of Finance and Administration for the purpose of hiring a full-time director to support the Intertribal Ceremonial Association in planning and executing the annual Intertribal Ceremonial in Gallup, New Mexico.

Currently, the Intertribal Ceremonial Office is an independent agency administratively attached to the New Mexico Tourism Department. House bill 161 renames the Intertribal Ceremonial Office the “Intertribal Ceremonial Association.” The bill moves the association, and all property associated with it, from the Tourism Department to local government division of the Department of Finance and Administration (DFA). The bill specifies that the director of the association is charged with working with private, local, state and federal entities to establish steady funding for the event. The bill also increases the ceremonial board from eight to nine members, all appointed by McKinley County. Finally, a fund is created to support the association.

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

The appropriation of \$300 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund. Although the bill does not specify future appropriations, the legislation would create new personnel and support ongoing services, which are recurring costs, therefore the appropriation is scored as recurring.

In anticipation of this legislation, the Intertribal Ceremonial Office requested a \$0 budget, effectively defunding the agency. The House Appropriations and Finance Committee Substitute for House Bill 2 supports the request and appropriates \$328 thousand (the total operating budget of the office) to the Local Government Division of the Department of Finance and Administration for expenditure in FY24. Should the Legislation not pass, the funding for the ceremony would still be available through the Local Government Division. The New Mexico Tourism Department is supportive of this funding approach.

In agency analysis, DFA noted that the Local Government Division is “at capacity,” and would need additional resources if the association had staffing needs beyond the 1 FTE contained in the bill. The additional operating expenses table includes a range of \$30 thousand in general fund revenue for the agency to provide supplies and administrative services for the director of the association, up to \$100 thousand in general fund revenue if the agency had to hire an additional staff member to support the association. DFA would not need to provide new office space for the director. Currently, the Tourism Department manages a General Services Division (GSD) owned office in Gallup for the Intertribal Ceremonial Office, which would be transferred to DFA under the provisions of the bill.

SIGNIFICANT ISSUES

The 100th Intertribal Ceremony was held over two weeks in 2022, with the Intertribal Ceremonial Office managing the first week, which included a film premier, art gallery, and the ceremonial queen pageant event, and the nonprofit local association managing the second week, which included rodeo events, a ceremonial dinner and private auction, and an intertribal powwow. The state agency and nonprofit agreed to cohost the 100th annual event as long as marketing for the ceremonial was consistent throughout events, only one website was used, and the nonprofit fulfilled all contract provisions, including audit requirements necessary to receive state funding. House Bill 161 would consolidate the state supported office with the local

association, which could lead to a more cohesive, single event, rather than two events run differently.

The New Mexico Tourism Department supports House Bill 161, stating the transfer would “allow for enhanced local control of this important event and will allow it to evolve and thrive.” However, DFA noted that the Local Government Division typically handles Legislative and Capital Outlay projects, approves budgets, and administers DWI programs. DFA suggests that the Intertribal Ceremonial Association “may be more appropriately served by the Indian Affairs Department.”

ADMINISTRATIVE IMPLICATIONS

NMTD notes it will need to provide staff support to coordinate the transfer of the Intertribal Ceremonial to DFA through FY23, including the transfer of the current GSD building lease and existing furniture, fixtures and equipment to DFA.

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