

# Department of Finance & Administration

## BILL ANALYSIS 50<sup>th</sup> Legislature, 1<sup>st</sup> Special Session

### SECTION I: GENERAL INFORMATION

*[Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill]*

Check all that apply:  
**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 9/6/2011  
**Bill No:** HB 17

**Sponsor:** Representative Bandy  
Restructuring Bill-Tourism  
**Short Title:** Department and Cultural Affairs

**Reviewing Contact**    DFA / TD / DCA  
Rodriguez/Clifford

### SECTION II: FISCAL IMPACT

#### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY12	FY13		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

#### REVENUE (dollars in thousands)

Estimated Revenue		Recurring or Non-Rec	Fund Affected
FY12	FY13		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

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

	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>Recurring or Non-Rec</b>	<b>Fund Affected</b>
<b>Total</b>	(\$446.8)*	(\$893.6)*	(\$1,000.0)	Recurring	General Fund; Other State Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

**\*Savings are already incorporated into the FY12 operating budgets.**

**The Executive is proposing consolidation of several agencies not only to reduce costs we can quantify at this time but also to reduce some of the excessive growth in state government that took place over the past eight years. Consolidation will not only save money during this and next fiscal year, but it will also allow for reinvestment of savings (money not spent on bureaucracy) back into the programs of these new consolidated agencies. Consolidation will make these agencies more efficient and effective as well as more responsive and accountable to New Mexico's taxpayers.**

**SECTION III: NARRATIVE**

**BILL SUMMARY**

House Bill 17 consolidates the Tourism Department and the Department of Cultural Affairs and creates the Tourism and Cultural Affairs Department.[Sec. 5] The newly-created Tourism and Cultural Affairs Department will administer all laws and exercise all functions formerly administered by the separate departments [Sec. 6] and is comprised of the following Divisions. [Sec. 8]

1. The administrative services division;
2. The arts division;
3. The historic preservation division;
4. The library division;
5. The Hispanic cultural division;
6. The African American cultural division;
7. The farm and ranch heritage museum division;
8. The natural history and science museum division;
9. The museum of space history division
10. The museum resources division;
11. The veterans museum division;

The museum of New Mexico divisions. The following make up the museum of New Mexico:

12. The palace of the governors state history museum division;
13. The New Mexico museum of art division;
14. The museum of Indian arts and culture division;
15. The museum of international folk art division;
16. The archeological services division;
17. The state monuments division;

18. The tourism development division;\*

19. The New Mexico magazine division

\*Agencies are recommending adding the “marketing and promotion division”

The bill consolidates chief executive and administrative officer duties under one secretary of Tourism and Cultural Affairs Department whereas previously one cabinet secretary for each separate department was authorized under the statutes. [Sec. 9] The new Tourism and Cultural Affairs Department Secretary will assume the powers, duties and obligations of the respective secretaries of the former departments.

### **Detailed Section-by-Section Analysis:**

Sections 1 through 7: Clean-up: These sections update current statutes to utilize the new name of the department: Tourism and Cultural Affairs Department (TCAD).

Section 8: Creates Tourism and Cultural Affairs Department; lists Divisions. This section establishes the new Tourism and Cultural Affairs Department (TCAD) and lists the Divisions within the Department. It combines the current 16 Cultural Affairs Divisions with two divisions of the current Tourism Department: the Tourism Development Division and the NM Magazine Division. This section also creates a new Division of the new Department: The African American Cultural Division. This brings the total number of divisions in the TCAD to 19.

Sections 9 and 10: Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Section 11: Additional Duties of the Secretary: This section adds duties of the former Tourism Department to the new TCAD (former section 9-15A-7 and 9-15A-7.1).

Sections 12 - 15: Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Section 16: Updates department name to new name -- Tourism and Cultural Affairs Department (TCAD). Also updates the statute to include the state’s newest state monument, the Fort Stanton State Monument, in the list of State Monuments that are part of the current Cultural Affairs Department.

Sections 17-18: Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Section 19. Tourism Enterprise Fund. This section moves language currently in 9-15A 4.1 to the new TCAD statutes.

Section 20. Role of Tourism Commission.

Section 20 creates the Tourism Commission, “administratively attached” to the TCAD.

Section 21 – 35. Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Section 36. Updates name of department to new name – Tourism and Cultural Affairs

Department (TCAD) and updates use of the word “regulations” to agree with current state policies to instead use the word “rules”. Also on page 43 updates the “Museum Division” (which no longer exists) to specify the “museum resources division”.

Sections 37-50. Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Sections 51-58. Creates African American Cultural Center Act; creates new division of TCAD; creates 15 member Board; transfers property and appropriations relating to African American Performing Arts Center to new TCAD.

Section 59. Page 63 – amends the Film Museum statute to update the new name of the new department (TCAD).

Section 60. Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD) and updates language referring to Native American communities.

Section 61 – 66. Updates name of department to new name – Tourism and Cultural Affairs Department (TCAD).

Section 67. Transfers all property, functions, obligations of Cultural Affairs Department to new TCAD. Transfers all property, functions, obligations of Tourism Department to new TCAD. Transfers any money remaining in Fort Stanton Development Fund (being repealed in later section) to General Fund. Also states that all other references in law to former Tourism Department or former Cultural Affairs Department refer to new TCAD.

Section 68. Transfers all property, functions, obligations of African American Performing Arts Center to new TCAD.

Section 69 and 70. Moves appropriations made to African American Affairs Performing Arts Center to the new TCAD and extends expenditure period through 2014.

Section 71. Repeals:

Ft. Stanton Development Commission (no longer active).

Tourism Department Act (merged into new TCAD Act).

NM Artisans Business Development Program (not funded or active).

## **FISCAL IMPLICATIONS**

The Executive is proposing consolidation of several agencies not only to reduce costs we can quantify at this time but also to reduce some of the excessive growth in state government that took place over the past eight years. Consolidation will not only save money during this and next fiscal year, but it will also allow for reinvestment of savings (money not spent on bureaucracy) back into the programs of these new consolidated agencies. Consolidation will make these agencies more efficient and effective as well as more responsive and accountable to New Mexico’s taxpayers.

Cost savings will be achieved primarily through the elimination of Governor exempt FTE by creating one Office of the Cabinet Secretary and elimination of duplicative Governor exempt

positions such as Deputy Secretary, ASD Director, and other Governor exempt staff. In addition, the Program Support program of the consolidated Tourism and Cultural Affairs Department will include only those employees deemed critical to the mission of the consolidated agency.

Effective January 1, 2012, all operating budgets, contractual agreements and other pertinent functions formerly associated with Cultural Affairs will be absorbed by Tourism. An analysis of the savings generated from the change in administration and Governor Martinez's mandate to reduce the number and salaries of exempt employees already indicates that the operating budgets for the two agencies reflect \$893.6 in savings. Opportunities for cost savings already have been explored and are being implemented by the two separate departments.

A preliminary analysis of the administrative, fiscal, and human resource functions suggests that the consolidated Tourism and Cultural Affairs Department could realize additional cost savings of as much as \$1,000.0. Furthermore, detailed analysis is yet to be conducted to explore potential synergies and cost savings through consolidation of related functions such as those of the New Mexico Magazine and the Museum Press.

Another consideration that is yet to be explored is the consolidation of core function divisions within the department. Once the current departments are consolidated, it will be feasible to conduct an analysis that explores the possibility of combining core function administrations at the division level where appropriate, i.e. one division administration for a specific area or region such as Santa Fe or Albuquerque. Currently, all divisions have separate directors and administrative functions.

This merger would also align agencies with shared missions and constituencies. Advertising would be accomplished with a more consistent brand and less duplication of efforts.

### **SIGNIFICANT ISSUES**

The consolidation is accomplished mostly by utilizing current statutes of both (separate) departments with adjustments made to specific department and department secretary references, i.e. where reference is made to the Department of Cultural Affairs in the current statutes, the language is deleted and replaced with "Tourism and Cultural Affairs Department" or the phrase "Tourism and" is merely added before references to 'Cultural Affairs' within the statutes. The same is true for references made within the current statutes to the Tourism Department. References made in the current statutes to either the Tourism Secretary or Cultural Affairs Secretary are deleted and replaced with "Secretary of Tourism and Cultural Affairs Department" or the phrase "Tourism and" is added before or the phrase "and Cultural Affairs" is added to existing references to either secretary.

In some instances, items are added to the existing statutes such as Section 8 of the bill where 'the tourism development division' and 'the New Mexico Magazine division' have been added to the list of divisions within the current statute.

Section 19 of the bill adds the "tourism enterprise fund" as a non-reverting fund to account for appropriations, gives, grants, donations, fees and departmental receipts from sales of souvenirs and sundries at visitors centers, website related sales and any other money credited to the fund.

Section 20 creates the "tourism commission" as an administrative body attached department to advise the department, approve and update the state's five-year plan.

## **PERFORMANCE IMPLICATIONS**

The Tourism and Cultural Affairs will realize performance synergies through the elimination of redundancies and consolidation of similar functions. The consolidation will allow the department to serve the State of New Mexico through the elimination of unnecessary bureaucracy.

## **ADMINISTRATIVE IMPLICATIONS**

As previously mentioned, the current (separate) departments already enjoy improved efficiencies and effectiveness through the shared ASD Director and legal Counsel functions. The sharing of these two critical functions will result in additional synergies when the departments are consolidated.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

## **TECHNICAL ISSUES**

Per requests of the two agencies, some minor amendments are needed:

1. On page 10, between lines 1 and 2, insert “N. the marketing and promotion division; and”
2. On page 23, line 22 before “policies” add “tourism-related”; and on line 23, before “policy” insert “tourism-related”
3. On page 72, strike Section 72 Emergency Clause; and insert a new Section 72 providing for an effective date of January 1, 2012.

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**

None.