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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-13-09

SPONSOR Heaton LAST UPDATED \_\_\_\_\_ HB 283

SHORT TITLE Arts and Cultural Districts for Tribal Entities SB \_\_\_\_\_

ANALYST Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

Duplicates Appropriation in the General Appropriation Act  
Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Cultural Affairs (DCA)  
Indian Affairs Department (IAD)  
Tourism Department  
Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

House Bill 283 amends Section 15-5A-1 NMSA 1978 of the Arts and Cultural District Act to provide expanded and clearer definitions including creative economy, cultural compound, cultural institution, cultural plan, governing body, master plan, self-designated arts and cultural district, state-authorized arts and cultural district, and steering committee. The definitions allows for a more distinct description of the program coordinator's duties and the process for creating an arts and cultural district.

The bill more clearly defines a self-designated arts and cultural district to include counties, Indian Nations, tribes and pueblos and the process for establishing a self-designated arts and cultural district and duties thereafter.

The bill also clarifies the role of the New Mexico Arts Commission in the application process and the role of the Department of Cultural Affairs Arts Division in the funding process.

## **FISCAL IMPLICATIONS**

Non Noted

## **SIGNIFICANT ISSUES**

Laws 2007, Chapter 160 (House Bill 606), created Arts and Cultural Districts as an economic stimulus program for local communities. The Arts and Cultural District Program is attached to the Economic Development Department (“EDD”), which works in collaboration with Department of Cultural Affairs, and is responsible for authorizing state-authorized districts annually in New Mexico. The intent is to support arts- and culture-based economic development for businesses, individuals, organizations, agencies and institutions to work collaboratively and to formally structure that collaboration creating an economic market niche. Two districts, the communities of Silver City and Las Vegas, NM were the first to be designated as New Mexico’s Arts and Culture Districts. According to EDD:

An Arts and Culture District is a well-recognized, branded, mixed-use, compact area of a town in which a high concentration of arts and cultural facilities serves as the anchor and is not larger than one (1) square mile in area. Arts and Culture Districts can be found in small rural communities or in large urban areas with the potential for more than one arts and culture district.

More than 90 cities in the United States have planned or implemented an Arts and Culture District – positioning the arts and culture as the center of revitalization and community economic development efforts. The impact of Arts and Culture Districts is measurable. The arts and areas with historic structures attract residents and tourists who also support adjacent businesses such as restaurants, lodging, retail and entertainment.

HB 283 would clarify the process and requirements for a “state-authorized” art and cultural district, as well as a “self-designated” arts and cultural district. The difference between the two types of districts is that self-designated districts (where relevant amendments would now include tribes, nations and pueblos) are required to have populations greater than fifty thousand, while no such population requirement is required for state-authorized districts.

As Indian nations, tribes and pueblo within New Mexico are well known among tourists for their cultural and scenic attractions, they fit well within the intent of the Act, and fit the criteria set forth in Section 4, subsection C of the Act, stating:

A state authorized. . . and self designated arts and cultural district shall . . . be in a geographically contiguous area that ranges in size from a portion of a municipality to a regional district with a special coherence . . . be distinguished by physical and cultural resources that play a vital role in the life and development, including economic and cultural development, of a community; . . . [have] a cultural compound, a major art institution, art and entertainment businesses, [and] an area with arts and cultural activities or cultural or artisan production; . . . be engaged in promotion, preservation and educational aspects of the arts and culture

of that locale and contribute to the public through interpretive, educational and recreational uses . . . [and] be dedicated to the conservation and preservation of a district's cultural and historical assets.

### **ADMINISTRATIVE IMPLICATIONS**

Passage of this bill may improve the collaboration between Economic Department – Main Street Program, Tourism, and Cultural Affairs -New Mexico Arts and Historic Preservation to continue their work in designating arts and cultural districts throughout New Mexico. The team has developed a working application and evaluation process that will be enhanced by the clarifications in this bill. The provisions in this bill will also assist applicants as well as designated districts in meeting the requirements. Finally the clarifications will be beneficial to the New Mexico Arts Commission, the arts and cultural district authorizing body, when applications are presented to them for approval as arts and cultural districts.

### **TECHNICAL ISSUES**

The amendment to the Act in Section 2, subsection I that defines “self-designated arts and cultural districts” has a population requirement of fifty thousand. In New Mexico, the Navajo Nation, with its population just over 180,000 as of the 2000 census, would be only tribe to qualify. This means that 21 other tribes would not be eligible to apply for self-designated status and could only be approved through the state-authorized provision. However, the Act currently only allows up to five state-authorized districts per calendar year (Section 5, subsection C.) and at such a rate it could take a substantial number of years for all tribes who may wish to apply to receive consideration given all other applications from communities elsewhere in the state.

### **OTHER SUBSTANTIVE ISSUES**

The Tourism Department (TD) is supportive of activities and events that result in increasing the number of tourists to New Mexico. The Native American lifestyle continues to be one of the top attractions that draw out-of-state visitors to New Mexico. TD's Indian Tourism Program has expanded its focus from outreach and training in cultural tourism to promotion and advertising of all Indian tourism attractions, including gaming, hospitality, entertainment and outdoor recreation, in an effort to optimize the number of tours and amount of tourism revenue to the state and the tribes.

### **AMMENDMENTS**

The Act could be amended to allow for tribes other than the Navajo Nation to be eligible for self-designated status given that most of the remaining tribes fall well below population levels of fifty thousand, and would otherwise be ideally suited for the purpose of the Act.

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

The 22 tribes, nations and pueblos of New Mexico will not be given elevated status as cultural districts, and thus will not benefit from possible financial assistance from the arts and cultural district fund, in addition to other benefits.

Without the clarifications included in this bill, it is possible that confusion will exist about the intent of the Arts and Cultural Districts program as well as its implementation.

**POSSIBLE QUESTIONS**

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