

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/11
 SPONSOR Morales LAST UPDATED 02/11/11 HB _____
 SHORT TITLE Art & Cultural Districts for Tribal Entities SB 221/aSCORC
 ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal – probably less than \$10.0	Minimal – probably less than \$10.0	Minimal – probably less than \$10.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Cultural Affairs (DCA)
 Economic Development Department (EDD)

No Response Received From

Indian Affairs Department (IAD)

SUMMARY

Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee amendment clarifies that the Arts and Cultural District Steering Committee, shall work with the participating governing body of a municipality, county, or Indian nation, tribe, of pueblo to assist in determining and recommending appropriate financing and economic development tools that the governing body may wish to pursue.

Synopsis of Original Bill

Senate Bill 221 amends Sections 15-5A-1 through 15-5A-7 NMSA 1978 of the Arts and Cultural District Act to clarify and expand an existing statute to add new and provide clarity to existing definitions within the act 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, state council, and steering committee. The definitions allow for a more distinct description of the program coordinator, state council, and steering committee duties and the process for creating an arts and cultural district.

The bill more clearly defines arts and cultural districts, as well as self-designated arts and cultural district, to include municipalities, counties, Indian Nations, tribes and pueblos. The bill also more clearly identifies the process for establishing an art and cultural district and 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

The program is administratively attached to the Economic Development Department. Other than administrative support, the program does not receive funding from the state. The Arts and Cultural program has been successful in attracting foundation support from the Friends of New Mexico MainStreet and the McCune Foundation. It has also received a National Endowment for the Arts' "Your Town Institute" grant, one of only four applicants in the county to receive the award in 2010.

SIGNIFICANT ISSUES

Laws 2007, Chapter 160 (House Bill 606), created Arts and Cultural Districts for local communities to establish and promote place-based economic development. 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. The benefits of tourism marketing and other capital, federal, or foundation funding acquired by the state would then be available to those districts. There are currently six state authorized and two self-designated districts. According to EDD:

An Arts and Culture District is a well-recognized, branded, mixed-use, compact area with a high concentration of arts and cultural facilities serving as the anchor and is generally not larger than one (1) square mile. 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.

Senate Bill 221 would clarify the process and requirements for a "state-authorized" art and cultural district, as well as a "self-designated" arts and cultural district to include municipalities, counties, and Indian nations, tribes, and pueblos. The difference between the two types of districts is that self-designated districts 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.

The bill formalizes the inter-agency collaboration between the Cultural Affairs, the New Mexico MainStreet Program of the Economic Development Department, and the Tourism Department.

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 bill in Section 2 (I) defines a “self-designated arts and cultural district” as a municipality, county, or Indian nation, tribe, or pueblo with a population exceeding fifty thousand. In New Mexico, the Navajo Nation, with its population just over 180,000 as of the 2000 census, would be the 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.

In addition, the current statute only allows up to five state-authorized districts to be designated each calendar year (Section 5, subsection C.) and with such a limitation 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 bill could be improved to allow more tribes, other than just 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.

DL/svb