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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/12

SPONSOR James LAST UPDATED \_\_\_\_\_ HB 68

SHORT TITLE African American Cultural Center Act SB \_\_\_\_\_

ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
\$112.9	\$112.9	\$112.9	Recurring	DCA Enterprise

(Parenthesis ( ) Indicate Revenue Decreases)

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

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$298.7	\$416.3	\$416.3	\$1,131.3	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with House Bill 157

Relates to Senate Bill 4

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Cultural Affairs (DCA)

#### No Responses Received From

Department of Finance and Administration (DFA)

State Fair Commission (SFC)

## SUMMARY

### Synopsis of Bill

House Bill 68 would create a new “African American Affairs Division” in the Department of Cultural Affairs, and transfer all personnel, appropriations, money, records, equipment, supplies and other property of the State Fair Commission specific to the African American Performing Arts Center (AAPAC) to the DCA. Contracts of the State Fair Commission for the African American Performing Arts Center would also be transferred to the new division.

The divisions in the Cultural Affairs Department would be as follows:

1. the Administrative Services Division,
2. the African American Cultural Division,
3. the Arts Division,
4. the Historic Preservation Division,
5. the Library Division,
6. the Hispanic 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, and
12. the following divisions that make up the Museum of New Mexico:
  - a) the Palace of the Governors State History Museum Division,
  - b) the New Mexico Museum of Art Division,
  - c) the Museum of Indian Arts and Culture Division,
  - d) the Museum of International Folk Art Division,
  - e) the Archaeological Services Division; and
  - f) the State Monuments Division.

In addition to the creation of the African American Cultural Affairs Division, the bill would create a new “Board of Directors of the African American Performing Arts Center” consisting of fifteen New Mexico residents appointed by the governor with the advice and consent of the senate. All of the AAPAC’s property, real and personal, would come under the control of the board. The president of the board would be appointed by the governor. The initial appointees will serve staggered terms, with subsequent appointees all serving four-year terms. Board members would only be compensated for mileage and per diem.

HB68 would extend the time for expenditure of the severance tax bonds for the new African American Performing Arts Center to 2014. The time for landscaping the center’s grounds is similarly extended.

If enacted, the bill would become effective on June 30, 2012.

## FISCAL IMPLICATIONS

House Bill 68 makes no appropriation.

HB86 would make operating costs and capital outlay needs of the current African American Performing Arts Center (AAPAC) the responsibility of the Department of Cultural Affairs. The DCA cites reports by the State Fair Commission showing FY2011 costs for building, insurance and personnel came to \$348,587 with additional capital costs of \$63,000. Also, the revenue from the AAPAC was \$112,911 (\$411,587 - \$112,911 suggests a net deficit of \$298,676). The DCA and the Governing Board of the Center will ensure that annual costs not paid for through the AAPAC's revenue are covered. The DCA's strategy to accomplish this was not covered in their analysis.

The bill creates a new exempt position for the director of the African American Cultural Affairs Division which will require funding. Mileage and per diem for the board of directors of the African American Performing Arts Center may have a slight budget impact. Based on a typical DCA division director salary of \$80 thousand per year and benefits of \$25 thousand, the estimated operating budget impact for the position is a minimum of \$105 thousand per year. Estimating board expenses based on six of the fifteen members drawing per diem and mileage, with four one-day meetings per year in Santa Fe. Forty-eight nights at \$135 per night would be approximately \$6,500. Conservatively, using Las Cruces as the home of the traveling members, 24 round trips would cost (at 80% of the IRS rate of \$.555 for 2012) [6 members \* 4 trips \* 568 miles \* 45¢] \$6,100). The estimated total, not including the AAPAC operating deficit estimate, is then \$117,600. The DCA would provide existing office space and facilities.

### **SIGNIFICANT ISSUES**

House Bill 68 would add the African American Cultural Affairs Division, a new functional unit to the DCA with a full divisional overhead structure and a 15 member board. Criteria for members are specified in the bill with all appointments by the governor subject to Senate confirmation. Among its duties, the board may accept and hold title to all real or personal property for the African American Performing Arts Center (AAPAC). Currently the facility on the state fair grounds occupied by the AAPAC is owned by the State Fair Commission. Section 10 of the bill states that "All personnel, appropriations, money, records, equipment, supplies and other property of the state fair commission and the New Mexico state fair specific to the African American performing arts center at the New Mexico state fairgrounds in Albuquerque in Bernalillo county are transferred to the tourism and cultural affairs department." It is not clear if the "other property" includes only personal property or includes real property as well. If "other property" includes real property, it would be important to determine if the transfer of the building would interfere with the State Fair Commission's master planning efforts.

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

House Bill 157 proposes to merge the Tourism Department with the Department of Cultural Affairs, and includes the creation of the African American Cultural Affairs Division.

Senate Bill 4 would administratively attach the State Fair Commission to the DCA.