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## FISCAL IMPACT REPORT

SPONSOR Strickler/Dow ORIGINAL DATE 02/08/21  
LAST UPDATED \_\_\_\_\_ HB 258

SHORT TITLE Move State Parks to Tourism Dept. SB \_\_\_\_\_

ANALYST Martinez/Wan

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

|              | FY21                      | FY22 | FY23 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|---------------------------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> | See "Fiscal Implications" |      |      |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From

Tourism Department (TD)

Energy, Minerals and Natural Resources Department (EMNRD)

### **SUMMARY**

#### Synopsis of Bill

House Bill 258 would transfer the State Parks Division (State Parks) of the Energy, Minerals and Natural Resources Department (EMNRD) to the Tourism Department (TD). The bill amends all relevant statutory references and transfers all functions, personnel, money, appropriations, records, property, and contractual obligations of State Parks from EMNRD to TD. HB258 amends Section 7-1-6.38 NMSA 1978 to change the distribution of governmental gross receipts tax revenue so that the 14 percent currently allocated to EMNRD for SPD would be allocated to TD instead.

The effective date of this bill is July 1, 2021.

### **FISCAL IMPLICATIONS**

The LFC FY22 budget recommendation for the State Parks Division is \$24.97 million. HB258 would reduce EMNRD's budget and increase TD's budget by this amount (or the amount of the approved FY22 operating budget) to shift management of State Parks to TD.

The bill does not make an appropriation to support any costs of implementing the transfer, and both EMNRD and TD except there would be a fiscal impact associated with the significant administrative changes involved.

EMNRD also reports that the agency's Program Support Division would lose \$122 thousand in federal indirect support from State Parks. Those funds currently support the salaries of administrative, information technology, and other staff in Program Support. To continue funding these positions, an alternate revenue source would need to be identified.

Tourism Department states that while personnel and funding will transfer along with the state parks division, there are several start up and transition costs (as well as additional personnel) that will either need to be appropriated to TD or be redirected from state parks. However, the department did not specify an exact fiscal impact amount. Therefore, it is assumed that the TD budget will, at a minimum, increase by \$24.97 million, the current LFC FY22 budget recommendation for the State Parks Division.

TD currently consists of 54 FTE. With this proposed transfer, the department states that there will be several operational bureaus that will need to increase in FTE such as additional human resources representatives, an additional general counsel, informational technology personnel that can support 41 division office locations statewide, and administrative services support to include procurement and contract management. Many of TD's current programs and divisions would need additional FTEs in order to adequately integrate State Parks into the current agency mission.

## **SIGNIFICANT ISSUES**

EMNRD argues that HB258 would be detrimental to the agency's operations and the natural and cultural resources managed by State Parks, due to the different missions of EMNRD and TD. According to EMNRD, the agency's mission is better aligned with the purpose and functions of State Parks than TD's mission is. EMNRD provides:

“TD does not have the recreation or natural resource management, visitor management, or law enforcement management capabilities to ensure the smooth operation of [State Parks]. ... The mission of TD is very different from the resource-oriented, land management mission of EMNRD and [State Parks]. TD strives to promote New Mexico as the top destination for venturesome travelers, build the New Mexico True brand, unify and lead industry partners and inspire in-state advocacy and pride. This supports the marketing component of the [State Parks] Division, to drive more visitors to the State Park system, but does not lend itself to management of [State Parks].”

TD states the agency currently works with EMNRD on advertising of New Mexico's State Parks, but the departments have fundamental differences.

“New Mexico's state parks are an integral part of New Mexico's tourism product and New Mexico's appeal to visitors, with 20 percent of overnight visitors to New Mexico visiting a state or national park during their stay in 2019, according to data from Longwood's International. TD has a close partnership with the state parks division of EMNRD and currently works to include state parks in its marketing and promotional assets, as well as in long-term tourism development planning.”

“Even though the state parks division is housed within a different agency, TD has developed and continues to cement this partnership in order to maximize each agency's independent mission. TD's mission is to grow New Mexico's economy through tourism,

which is largely focused on marketing and promotion. The state parks division of EMNRD has a resource-based mission, focused on protecting and enhancing natural and cultural resources, providing first-class recreational and education facilities and promoting public safety to benefit and enrich the lives of visitors. These missions, while complementary, have fundamental differences that are difficult to reconcile within a single administrative department. Throughout the years, TD and the state parks division have demonstrated that effective and productive partnerships can take place between agencies without the need to be administratively consolidated.”

### **ADMINISTRATIVE IMPLICATIONS**

According to EMNRD, enactment of HB258 would have significant administrative implications for the agency. As discussed above in “Fiscal Implications,” without the fiscal support provided by federal indirect funding from State Parks, administrative positions elsewhere in EMNRD would need to be reduced or eliminated unless another funding source was identified. Agreements regarding management of parks and related programs with federal partners or other state agencies would need to be amended.

Tourism Department states that administratively integrating the State Parks Division into the department is significant and, as a small agency, they do not have the administrative infrastructure currently in place to support this level of growth. They also note that additional costs may be incurred to move staff from EMNRD to TD. This would include acquiring additional office space or, potentially, even a new building that would be able to house all proposed FTE.

“TD would need to create additional administrative support positions in order to ensure a smooth transition and provide the expected level of service and support to constituents and agency employees. Many current programs are at staffing capacity and would need to be expanded to fully integrate the work of the state parks division into TD’s mission. Finally, many current staff would require additional training and education in order to best meet the needs of the new division, mitigate any potential increase in processing time, and communicate effectively across divisions.”

“Though HB258 includes a transfer of property from EMNRD to TD, it is unclear whether this will create an optimum use of space or whether the state parks division and TD would be better housed in a single building. If this is the case, substantial changes would need to be made to current office spaces, and additional costs and administrative oversight would need to be considered.”