

LFC Requester:	
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

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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 1/24/2024
Bill No: SB170

Sponsor: <u>Gerald Ortiz y Pino</u>	Agency Name and Code	<u>Department of Cultural Affairs – 505</u>
Short Title: <u>Rural Libraries Endowment Fund</u>	Number:	<u>505</u>
	Person Writing	<u>Jessie Greenspan</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	30,000.0	Nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SB170 will appropriate \$30 million from the general fund to the Rural Libraries Endowment Fund. This is a one-time non-reverting appropriation in FY25.

FISCAL IMPLICATIONS

The Rural Libraries Endowment has a current market value of just over \$29 million. This appropriation will increase the fund to just over \$59 million. The enabling legislation for the Rural Libraries Endowment Fund specifies that 5% of each year’s gross disbursement, subject to investment returns, will accrue to the Department of Cultural Affairs for the delivery of specialized services to rural libraries. With the current amount, the maximum annual disbursement to the Department of Cultural Affairs to be used for the purpose of the fund would be approximately \$72,500. With the addition of \$30 million, the maximum disbursement would be approximately \$147,500 per year when income and gains meet or exceed 5% of the market value of the fund.

Unexpended or unencumbered funds from this amount shall not revert to the general fund.

SIGNIFICANT ISSUES

None Identified.

PERFORMANCE IMPLICATIONS

None Identified.

ADMINISTRATIVE IMPLICATIONS

None Identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The Department of Cultural Affairs made an FY25 budget request for a nonrecurring appropriation to the Rural Libraries Endowment Fund. The Executive Budget recommendation for the Rural Libraries Endowment Fund is \$10 million. The LFC recommendation for the fund is \$0.

TECHNICAL ISSUES

None Identified.

OTHER SUBSTANTIVE ISSUES

The Rural Libraries Endowment Fund (RLE), created to distribute grants to libraries in communities with populations 3,000 or fewer, or non-profit libraries in unincorporated areas of New Mexico, is managed by the State Investment Council (SIC), and then distributed to the Department of Cultural Affairs (DCA) to award grants to individual libraries. Currently 12 tribal libraries and 42 public libraries are eligible. The fund also provides grant funds to communities wishing to establish a library.

DCA allocates 5% of program funds to rural services, and 95% to libraries as grants based on an amount determined by the State Library criteria for establishing grants, and the rest equally divided between eligible libraries.

At current market value, eligible rural libraries may expect a maximum grant disbursement of \$24,000 per year from the fund in years when the net income meets or exceeds 5% of market value.

The appropriation of \$30 million to the Rural Libraries Endowment Fund will result in a market value of approximately \$59 million, from which eligible rural libraries may expect a maximum grant disbursement of \$50,000, per year when income and gains meets or exceeds 5% of market value.

The FY24 distribution of \$142,899 has been made to 54 libraries (grant amount \$2,646). The FY25 distribution in grants is expected to be about \$825,000, or \$15,278 per library.

ALTERNATIVES

None Identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico's rural libraries will have fewer resources to support rural communities, and fewer funds will be available to support the establishment of new libraries.

AMENDMENTS

None Identified.