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FISCAL IMPACT REPORT

SPONSOR <u>Herndon/Anyanonu</u>	LAST UPDATED <u>3/21/2025</u>	ORIGINAL DATE <u>2/24/2025</u>
SHORT TITLE <u>African American Arts Center Directors</u>	BILL NUMBER <u>House Bill 519/aSIRC</u>	ANALYST <u>Rodriguez/Garcia</u>

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Operating Budget - State Fair		(\$375.0)	(\$375.0)	(\$375.0)	(\$375.0)	Recurring	General Fund
Operating Budget - AAPAC (DCA)		\$375.0	\$375.0	\$375.0	\$375.0	Recurring	General Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DCA – AAPAC	\$0.0	(\$200.0)	(\$200.0)	(\$400.0)	Recurring	General Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in General Appropriation Act and relates to Senate Bill 482

Sources of Information

LFC Files

Agency Analysis Received From

Cultural Affairs Department (DCA)

Department of Finance and Administration (DFA)

New Mexico State Fair

SUMMARY

Synopsis of SIRC Amendment of House Bill 519

The Senate Indian, Rural and Cultural Affairs Committee amendment to House Bill 519 (HB519) strikes language requiring the board of directors to consult with the Cultural Affairs Department (DCA) on the operations, maintenance, and staffing for the African American Performing Arts Center (AAPAC).

Synopsis of House Bill 519

House Bill 519 transfers the operations, maintenance, and staffing for the African American

Performing Arts Center (AAPAC) from the New Mexico State Fair to the proposed board of directors of AAPAC. The Cultural Affairs Department (DCA) shall serve as the fiscal agent to the board of directors. The board of directors would assume all the responsibilities of the advisory committee with the additional duty of operating and requesting funding for AAPAC. HB519 transfers all functions, funding, equipment, and property of the center from the State Fair Commission to the board of directors.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

HB519 transfers all functions, personnel, appropriations, equipment, and other property of the center from the State Fair to the board of directors.

For operating costs, the House version of the General Appropriation Act (GAA) appropriates a total of \$375 thousand to the New Mexico State Fair for AAPAC—including \$275 thousand in the personal services and employee benefits category and contractual services category for staffing and operational support of program and exhibits and \$100 thousand for the maintenance and operations of the building. The analysis transfers \$375 thousand from the State Fair Commission to the board of directors.

The State Fair also notes the commission operates at a \$200 thousand operational loss for expenses on utilities and other related costs each year on the AAPAC building. The analysis assumes DCA would also operate of a loss of \$200 thousand if HB519 were enacted.

HB519 also transfers the center and exhibit hall from the State Fair to the board of directors, which the State Fair estimates is valued at approximately \$6.1 million.

SIGNIFICANT ISSUES

HB519 transfers all operations, maintenance, and staffing of the center from the State Fair to the proposed board of directors and makes the board administratively attached to the Cultural Affairs Department (DCA). Currently, the AAPAC foundation, a nongovernmental entity, receives funding from the State Fair Commission to operate programming within the center. The State Fair manages the property and covers utilities, security, janitorial services, and building maintenance.

See “Technical Issues” for issues on board responsibilities, language in the GAA, and operations and maintenance of the building and “Fiscal Impact” for issues on available funding to operate the building.

ADMINISTRATIVE ISSUES

HB519 specifies that the board of directors would be administratively attached to DCA, in accordance with the provisions of Section 9-1-7 NMSA 1978. DCA notes a memorandum of understanding between DCA and the board of directors may need to be executed to define budgetary or administrative assistance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB519 relates to an appropriation in House version of the General Appropriation Act (GAA) for the New Mexico State Fair. The GAA as proposed includes \$275 thousand in the New Mexico State Fair's operating budget for staffing and operational support for programs and exhibits within the African American Performing Arts Center. HB2 includes language that allows for the transfer of \$275 thousand, contingent on enactment of legislation, from the New Mexico State Fair to the DCA for programmatic operations of the center, such as staffing and operational support for programs and exhibits.

HB519 also relates to Senate Bill 482 (SB482), which authorizes the issuance of bonds not to exceed \$1 billion dollars secured by a GRT increment for a tax increment development district (TIDD) for the state fairgrounds.

TECHNICAL ISSUES

Allowed Transfer in HB2. As noted in "Conflict, Duplication, Companionship, Relationship," the House version of the GAA includes language that would allow a transfer of \$275 thousand, contingent on enactment of legislation, from the State Fair to DCA for programmatic operations of the center. However, this transfer does not include \$100 thousand currently appropriated to the State Fair for the maintenance and operations of the center's building. The existing transfer for programmatic operations is in conflict with the proposed transfer in HB519, which intends to transfer all operations, maintenance, and staffing to the board of directors. If the intent of the bill is to transfer all operations and maintenance of the center to the board, language in the General Appropriation Act should be clarified to allow for the transfer of \$375 thousand. Alternatively, the transfer language could be removed from the GAA in its entirety because Section 3 (G) of the GAA allows duties and monies to be transferred to the correct agency as intended in legislation.

Operations and Maintenance of the Center. The physical building of AAPAC, owned by the state, is on the state fairgrounds and is currently managed by the State Fair Commission. The commission provides operational support to the center, such as security and janitorial services and covers utilities and property insurance. Under HB519, all operations and maintenance of the center would be transferred to the board of directors. However, because the building is located on state fairgrounds, the State Fair would need to charge the board of directors for common area maintenance and security.

Alternatively, the bill could only transfer the programmatic operations and exhibit development to the board of directors and leave building operations and maintenance at the State Fair.

Advisory Versus Operational. HB519 has contradictory responsibilities for the proposed board of directors. The language in the bill gives the board of director both an advisory role to the executive director and foundation, while also making the board responsible for operating, maintaining, and requesting funding for the center. The first set of responsibilities implies an advisory role, while the added responsibility in HB519 implies a more direct role. If the board is only making recommendations, it would not typically have the authority to operate and staff the center itself.

To resolve the contradiction, the bill should clarify whether the board is advisory or has more direct control. If it is advisory, Section H should be revised to indicate these responsibilities are with the foundation and with the executive director with the board providing input. If the board has operational control, Section H should clarify that they will operate the center with input and advisement from the other entities.

Additionally, and as noted by the Department of Finance and Administration (DFA), statute would benefit from identifying the duties of the executive director and artistic director.

OTHER SUBSTANTIVE ISSUES

Plans to Relocate Expo New Mexico. In December 2024, the governor announced plans to find and move the New Mexico State Fair grounds, known as Expo New Mexico, to a new location. The announcement included the release of a request for proposal for professional consulting services to develop a master plan for the existing fairgrounds. The proposal noted substantial potential to increase the usage of the grounds on a year-round basis. In 2024, the Legislature approved \$500 thousand for a master plan for the state fairgrounds. It is unclear how these plans would affect AAPAC.

ALTERNATIVES

As noted in “Technical Issue,” HB519 could transfer the staffing, programmatic operations, and exhibits from the State Fair Commission to the board of directors to avoid logistical issues of operating and maintaining the center that is on state fairgrounds.

JR/hj/hg/sgs