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## FISCAL IMPACT REPORT

SPONSOR Wirth DATE TYPED 1/31/05 HB 148

SHORT TITLE Create Museum Collections Fund SB \_\_\_\_\_

ANALYST Hadwiger

### APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	Indeterminate			Recurring	Museum Collections Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	Indeterminate		Recurring	Museum Collections Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Cultural Affairs Department (DCA)

State Treasurer

### SUMMARY

#### Synopsis of Bill

House Bill 148 would create a Museum Collections Fund in the state treasury, a non-reverting fund administered by the Cultural Affairs Department (DCA) and appropriated to that department to fund new museum acquisitions. Revenues to the fund would come from the proceeds from deaccessioning museum collection items and from interest earned. Each museum would receive a subaccount in the fund to acquire objects for its own collection. Money would be expended on warrant of the secretary of the Department of Finance and Administration pursuant to vouchers signed by the director of the appropriate museum division and the DCA Secretary or his authorized representative.

### Significant Issues

DCA provided the following comments: De-accessioning is a standard practice nationwide in museums, as a means of strengthening collections' quality. Museums strengthen their collections by careful and thoughtful "pruning." State museums' collection storage areas are seriously over-crowded. Irrelevant collection objects that do not support the museums' missions and programs should be de-accessioned. Currently, existing state law requires that revenue generated from sales would go to the General Fund. This is in contradiction of the accreditation standards of the American Association of Museums (AAM) and has prevented the museums from de-accessioning. AAM accreditation standards mandate that revenue from sales of de-accessioned collections objects must be used solely for new collections acquisitions. If these standards are not followed, state museums risk losing their accreditation.

The AAM standards are consistent with the DCA comments: "Accredited museums abide by the *AAM Code of Ethics for Museums*, and by any additional codes of ethics particular to their discipline. The *AAM Code of Ethics for Museums* specifies that proceeds from sales resulting from deaccessioning can only be used for acquisitions or direct care of collections. While the interpretation of "direct care" varies between museums and disciplines, there is a strong consensus that it does not include use of funds to pay operational expenses. The code of ethics of the Association of Art Museum Directors explicitly specifies that art museums can only use funds resulting from deaccessioning for the acquisition of new collections, and that of the American Association of State and Local History specifies that history museums can use such funds only for acquisition or preservation."

### **FISCAL IMPLICATIONS**

DCA indicates that state museums have not decommissioned items in their collections to date because statute would conflict with standards of the museum profession. If this is the sustained practice of the DCA, there would be no impact on the general fund if this bill were passed. On the other hand, if this practice were not sustained, the general fund would lose all revenues from the sale of deaccessioned items.

### Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

To address this concern, the bill could be amended on page 1, line 21 to delete "is appropriated to the department" and insert in lieu thereof "shall be retained by the department for use, subject to appropriation by the legislature,". This is consistent with existing statute with regard to similar dedicated revenues.

### **ADMINISTRATIVE IMPLICATIONS**

The State Treasurer indicated HB148 would add administrative tasks and burden to that agency.