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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/06
 LAST UPDATED 2/1/06 HB 689

SPONSOR Lujan

SHORT TITLE Arts Programs in Main Street Communities SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$350.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to: SB 265.

Relates to: Senate Bill 166, Senate Bill 168, House Bill 311, and House Bill 445.

Relates to appropriation in the General Appropriation Act: Yes.

The appropriation to the Economic Development Department contained in the GAA includes an additional \$300 thousand for Mainstreet programs, bringing Mainstreet program funding at Economic Development Department to more than \$600 thousand in FY07.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Tourism Department (TD)

SUMMARY

Synopsis of Bill

House Bill 689 appropriates \$350 thousand from the general fund to Economic Development Department to establish pilot arts and cultural district programs in eight New Mexico MainStreet communities.

FISCAL IMPLICATIONS

The appropriation of \$350 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

EDD indicates that the pilot communities would develop strategic economic development approaches based on their unique cultural assets. The approaches would design incentives for real estate development, arts production, sales and export of art, development of arts and entertainment-related businesses, crafts production, and institutional development (such as museums, University programs and municipal facilities).

Furthermore, EDD finds that the appropriation would help New Mexico MainStreet communities to serve as statewide models of arts- and culture-based economic development approaches. The local pilot communities would demonstrate effective methods of utilizing their cultural assets to beautify communities, provide employment, attract residents and tourists, enhance property values and expand the tax base, and promote small business entrepreneurship.

The bill does not specify which communities should be chosen for the pilot program, nor does it provide criteria by which to select them.

According to the Tourism Department (NMTD), the arts and cultures of New Mexico are among the top reasons visitors come to the state. NMTD supports and encourages collaboration among all state agencies to better promote New Mexico as a tourist destination. Thriving Main Street communities only enhance opportunities to attract more visitors to the state.

PERFORMANCE IMPLICATIONS

MainStreet staff, supported by the MainStreet base budget, would be assigned to coordinate the Arts and Cultural Districts pilot program and oversee specialty technical assistance providers.

ADMINISTRATIVE IMPLICATIONS

There would be a modest increase in contract administration for the staff of the MainStreet program at the Economic Development Department.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB265 is the companion to HB689 and relates to SB 166, SB 168, HB 311, and HB 445.

OTHER SUBSTANTIVE ISSUES

According to EDD, New Mexico possesses one of the most promising culture-based economies in the United States, yet the State has not fully capitalized on its arts and cultural assets compared to other states. Across the U.S., more than 90 cities and the States of Maryland and Iowa have created arts and entertainment programs that are boosting their economies.

BE/nt:yr