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## FISCAL IMPACT REPORT

ORIGINAL DATE 1-25-2008

SPONSOR Steinborn LAST UPDATED 2/4/08 HB 243a/HAFC

SHORT TITLE Veterans Museum Act SB \_\_\_\_\_

ANALYST Dearing

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$0.0		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY08	FY09	FY10	*3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>			\$.01	\$.01	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB313

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Cultural Affairs Department (DCA)  
 Veterans' Services Department (VSD)  
 Higher Education Department (HED)

### SUMMARY

#### Synopsis of HAFC Amendments

House Appropriation and Finance Committee Amendments House Bill 243 such that the appropriation of \$250 thousand has been stricken from the bill.

#### Synopsis of Original Bill

House Bill 243 appropriates \$250 thousand from the general fund to Cultural Affairs department for the purpose of establishing a Veterans' Museum division and board of directors within the agency.

## FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in House Bill 243 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

House Bill 243 creates a Veterans Museum Division within the Department of Cultural Affairs. It creates the New Mexico Veterans Museum, located in Las Cruces. It creates a Veterans Museum Board of Directors, consisting of thirteen members, ten of whom would be appointed by the Governor, and three of whom would be ex-officio. The bill assigns duties and powers to the Board. The bill creates a museum director position with certain qualifications, and assigns duties to the director. The bill appropriates \$250.0 from the General Fund to the DCA during FY09 for purposes of carrying out the act.

According to the department, the recurring appropriation would be utilized as follows:

Museum Director salary and benefits:	\$125.0
Administrative Assistant salary and benefits:	\$ 40.0
Basic Operating Costs:	\$ 10.0
IT equipment:	\$ 10.0
Board Meeting Costs (13 members @ 4 mtgs):	\$ 15.0
Master plan Development:	<u>\$ 50.0</u>
	\$250.0

The establishment of an additional museum within the Cultural Affairs department system will increase annual operating costs independent of any capital costs associated with construction.

This fiscal impact report does not estimate construction and other capital (land) costs.<sup>1</sup> The department response roughly estimates design/build costs of \$10-12 million. The additional operating costs could be estimated using the average costs of other museums in this system as proxy for recurring operating costs for a new museum.

\*Additional annual operating costs for the proposed veterans' museum in House Bill 243 are unknown. Other museums within the Cultural Affairs department system have a range of annual operating costs from a low of \$1.7 million to a high of \$2.8 million with an average of \$2.2 million.

## SIGNIFICANT ISSUES

While recognizing the economic value of museums at the local level, LFC staff remains concerned over the department's ability to address deferred maintenance and the funds needed to restore or enhance extremely valuable existing collections and exhibits. National data shows significant returns to the state's appropriations with increased attendance when facilities and exhibits are properly maintained and rotated.

The LFC remains concerned with the department's ability to cover additional operating expenses, both when new state-owned facilities are brought on line as well as operating

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<sup>1</sup> \$1.2 million in capital outlay funds were appropriated to the City of Las Cruces for this new museum during the 2007 Legislative Session.

commitments to private and local government facilities. In many instances, acceptances of additional facilities incur additional operating costs to the department, placing strain on the facilities maintenance budget the department receives to address the buildings' conditions. Because the DCA properties are not under the jurisdiction of the Property Control Division of the General Services Department, the DCA is responsible for maintenance and renovation of its own facilities and exhibits, including restoration of art collections.

### **PERFORMANCE IMPLICATIONS**

If enacted, the LFC recommends that the Cultural Affairs department submit a plan for program evaluation with specific program goals and criteria for assessing the effectiveness and provide suggested outputs, outcomes and performance measures to evaluate the performance of state government programs as prescribed in the Accountability in Government Act. Existing performance measures for attendance and outreach events would be positively affected by the creation of a new museum.

### **TECHNICAL ISSUES**

House Bill 243 has been drafted to set up the same structures and utilizing the same provisions as other museum divisions currently in statute.

### **RELATIONSHIP**

House Bill 243 relates to House Bill 313. Both bills include recurring appropriations for a veterans' museum in Las Cruces.

PD/mt