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FISCAL IMPACT REPORT

ORIGINAL DATE 1-25-09

SPONSOR Madalina LAST UPDATED _____ HB 93

SHORT TITLE Attorney General Indian Arts Enforcement Act SB _____

ANALYST Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$100.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB92

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)
 Indian Affairs Department (IAD)
 Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 93 appropriates \$100 thousand from the General Fund to Attorney General's Office for the purpose of investigation and prosecution of the New Mexico Indian Arts and Crafts Sales Act, including for staff, the costs and expenses of enforcement, and for consumer education.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

SIGNIFICANT ISSUES

The federal Indian Arts and Crafts Board is tasked to promote the economic development of American Indians and Alaska Natives through the expansion of the Indian arts and crafts market. The Board serves as a resource where consumers can get information on how to buy genuine Native American arts, as well as report fake Native American arts and crafts. The Board is also a source for artisans to get professional business advice, information on the Act and related marketing issues, fundraising assistance and promotional opportunities. The Board's top priority, however, is the implementation and enforcement of the Federal Indian Arts and Crafts Act of 1990. The Federal Act is a *truth-in-advertising* law that provides criminal and civil penalties for marketing products as "Indian made" when such products are not made by an Indian artisan, as defined by the Act.

The Indian Affairs Department recollects that the Attorney General's Office stated to the 2008 Interim Indian Affairs Committee that the sale of Native American arts and crafts is a multimillion dollar industry in New Mexico, but that fraudulently represented arts and crafts in this market make up at least 50%. According to the federal Indian Arts and Crafts Board, "fraud in the [Indian] arts and crafts industry is becoming rampant and the area where is the most rampant is in Arizona and New Mexico." This fraudulent activity is detrimental to the Native community through the loss of culture and personal income for many Native American artists. Fraudulent sales raise consumer doubt in the products being sold and erode the market for authentic Indian work.

POSSIBLE QUESTIONS

Is there duplication between the federal Indian Arts and Crafts Board and the duties this bill places on the Attorney General's Office?

EO/mt