

SUBJECT: Transferring World War II naval museum to Texas Historical Commission

COMMITTEE: Culture, Recreation, and Tourism — committee substitute recommended

VOTE: 6 ayes — Hilderbran, Kuempel, Baxter, Dukes, Gallego, Phillips

0 nays

1 absent — Dunnam

WITNESSES: For — Bruce LaBoon, The Nimitz Foundation

Against — None

On — (*Registered, but did not testify:* Terry Colley, Texas Historical Commission; Walt Dabney, Texas Parks and Wildlife Department; Lawrence (Larry) Oaks, Texas Historical Commission).

BACKGROUND: The National Museum of the Pacific War, formerly the Fleet Admiral Chester W. Nimitz Memorial Naval Museum, tells the story of the Pacific Theater battles of World War II. The 34,000-square-foot museum is located in Fredericksburg and is under the jurisdiction of the Texas Parks and Wildlife Department (TPWD). The museum's private, nonprofit support organization is the Admiral Nimitz Foundation, which has been responsible for most of the museum's recent capital projects.

The 77th Legislature in 2001 authorized TPWD to request issuance of up to \$9 million in revenue bonds for capital improvements. The debt service for these bonds has not yet been appropriated and therefore the bonds were never issued.

DIGEST: CSHB 2025 would place the National Museum of the Pacific War under the jurisdiction of the Texas Historical Commission (THC) and transfer to it all the powers of TPWD with respect to the museum, including the authority to issue revenue bonds. THC could accept a grant or donation for any purpose related to the museum. After the transfer, THC could enter into an agreement with a nonprofit corporation, including the Admiral Nimitz Foundation, for the expansion, renovation, management, operation, or financial support of the site.

CSHB 2025 would establish the National Museum of the Pacific War Account in the general revenue fund. THC would use money in the account for expenses related to the museum. The account would consist of appropriations related to running the museum, transfers from TPWD, museum revenue, income from investments, and grants and donations from the Admiral Nimitz Foundation and other sources. Any money in the account not issued in a fiscal year would remain in the account.

Transfers related to the museum, including powers, property, and funds, would be made from TPWD to THC on November 1, 2005. Transfers would not change the responsibility of bond holders. TPWD rules related to the museum in effect on the transfer date would become rules of THC and would remain in effect until amended or repealed by THC. TPWD would continue to conduct all previous duties related to the museum from the effective date of the bill until November 1, 2005.

CSHB 2025 also would allow for the transfer, by interagency agreement, of historical sites from TPWD to THC. Such a transfer would include all rights, powers, duties, obligations, functions, activities, property, and programs.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

CSHB 2025 would support and enhance the historical experience provided by the National Museum of the Pacific War, a valuable attraction that draws tourist dollars into the state. The museum has grown into a dynamic experience that can be enjoyed by people of all ages and from all backgrounds. It boasts an impressive display of Allied and Japanese aircraft, tanks, guns, and other large artifacts made famous during the Pacific War campaigns.

The maintenance and holding of historic sites often are better suited to THC than TPWD. THC publicly has expressed a willingness to take on this project and would be better able to uphold the standards of historic preservation and interpretation.

The bill would enable the enactment of financial plans between the historical commission and the foundation that go beyond simply maintaining the museum. One such plan would complete a 40,000-foot

expansion project in the near future. These plans are important in enabling the museum to grow and prosper by offering new exhibits and attractions to draw repeat visitors as well as new visitors.

The bill would allow for historic site transfers between TPWD and the historical commission without the need to wait for legislative approval in the future. This would save the time and effort of bringing each transfer proposal to the attention of the Legislature. The transfer of the Museum of the Pacific War could serve as a sort of pilot project to determine if future transfers of historic sites were feasible and desirable.

CSHB 2025 would enable THC to enter into an agreement with the Admiral Nimitz Foundation. As part of this proposal, the foundation would take over the day-to-day operations of the museum and has offered to underwrite its losses, which would save the state millions of dollars over the years. The foundation has demonstrated its ability to raise significant funds for the museum. Since 1995, the foundation has raised \$6 million for operation and construction costs, and a consultant's report also has concluded that the foundation would continue to draw significant funds to cover museum costs. The foundation's work is a key element of the detailed museum support plan that could be finalized following the enactment of CSHB 2025.

Concerns that THC has insufficient infrastructure and financial resources to take on the project are exaggerated. Initial agreements are underway for TPWD to continue to provide some financial support to the museum over the next four years, which would assure the success of the transition. In addition, the bill would allow THC to request and obtain \$9 million in revenue bonds that previously were authorized.

**OPPONENTS
SAY:**

Too much uncertainty surrounds the details and implications of the proposed transfer of the National Museum of the Pacific War from TPWD to THC to contemplate such an action at this time. The term "management and operation" should be more clearly defined to clarify the roles that the Admiral Nimitz Foundation and THC each would play in administering the museum. For example, it would be necessary to have a clear understanding of which party would manage the \$9 million in bonds and the corresponding expansion project. There also is a question about whether the state can issue bonds and then turn them over to a nonprofit organization. Further, the interest rate on the bonds could be influenced by the terms and conditions regarding the management of the museum.

Questions also exist about whether state employees associated with the museum would continue to be state employees if the foundation took over day-to-day management. Formal agreements about these details should be concluded before any transfer is considered.

The museum would lose support and direct services if it left TPWD jurisdiction. According to one study, TPWD support amounts to about \$150,000 per year in expenditures that are not part of the operating budget. Examples of this support include legal, communications, equipment, and computer support. TPWD is a larger department, and THC could be unable to take on the costs and support associated with administering the museum. In addition, THC operates only one other site and may lack the necessary experience to successfully run a museum of this size. Finally, if THC took over the management of other historic sites, it would incur significant costs in building the capacity to support them.

The museum expansion project proposed by the foundation is too ambitious. It would be more fiscally sound to invest current budgets in museum maintenance rather than raising funds for an expansion. Other financial questions that must be addressed include the commission's role in covering the annual museum losses, which currently total about \$300,000 a year.

NOTES:

The committee substitute refers to the museum as the National Museum of the Pacific War instead of by its former name, the Fleet Admiral Chester W. Nimitz Memorial Naval Museum, which appeared in the original bill. The substitute also would allow the historical commission to reach agreements with a nonprofit corporation to expand, renovate, manage, operate, or financially support the site.

The House version of SB 1 by Ogden, the general appropriations bill for fiscal 2006-07, now in conference committee, includes an Article 11 request to appropriate \$900,000 per year from general revenue-related funds for the transfer of the museum to THC.