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FISCAL IMPACT REPORT

ORIGINAL DATE 3/5/17

SPONSOR Stefanics LAST UPDATED _____ HB _____

SHORT TITLE Study Demise of Rural Grocery Stores SM 87

ANALYST Dulany

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		>\$10.0		>\$10.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

Economic Development Department (EDD)

SUMMARY

Synopsis of Memorial

Senate Memorial 87 requests New Mexico State University, NMDA, and the Robert Wood Johnson Center for Health Policy at the University of New Mexico (UNM) to serve as a lead team in convening a statewide working group to study and recommend ways to sustain rural grocery stores, including public-private partnerships. The memorial requests the team to inform communities of the importance of supporting local grocery stores, as well as inform communities of the financial and social consequences of the loss of local grocery stores by conducting town hall-style meetings and community dialogues.

Finally, SM 87 requests the working group to involve a broad range of stakeholders in this rural grocery store initiative, including food policy councils, the New Mexico Farm and Livestock Bureau, the New Mexico Association of Counties, councils of governments, the Anderson School of Management at UNM, EDD, New Mexico First, the New Mexico Municipal League, interested federal agencies, interested non-governmental organizations, and the Santa Fe Community Foundation. The working group is to present its findings and recommendations to the appropriate interim committee of the Legislature by July 1, 2018.

FISCAL IMPLICATIONS

As noted by NMDA and EDD, state agencies are likely to incur costs in terms of staff time, travel, and office supplies in carrying out the requests made in SM 87. EDD indicates the memorial may require additional employees to be hired to complete all aspects of reporting.

SIGNIFICANT ISSUES

According to NMDA, with many independent grocery stores closing, consumers must travel significant distances to buy their food. In addition, small communities have lost a place to gather and socialize as a result of the closures. The intent of the proposed study would be to provide the Legislature with recommendations on how to reverse the trends in order to address food deserts not only in New Mexico, but nationally, and to improve access to locally produced food and establish healthy communities. Town hall–style meetings are recommended in order to inform communities of the financial and social consequences of the loss of local grocery stores. The town hall–style meetings will include a broad range of stakeholders with a report to an appropriate interim committee of the legislature by July 1, 2018.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD suggests not addressing concerns surrounding rural grocery stores would result in loss of local stores, replaced by dollar store-like businesses. According to EDD, such businesses have strict policies that dictate what types of foods and products are sold. Some policies prohibit the dollar store-like businesses from carrying meat or dairy, which forces community members to travel longer distances to purchase these items, EDD states. EDD asserts this may perpetuate a cycle that is not in the best interest of the community members.

TD/al