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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/2022

SPONSOR Sweetser LAST UPDATED _____ HB 177

SHORT TITLE NM Winery Wine Production SB _____

ANALYST Fischer

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$2,000.0	Recurring	General Fund (Appropriation Contingency Fund)

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 199
Relates to Appropriations in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

House Bill 177 appropriates \$2 million from the appropriation contingency fund of the general fund to New Mexico State University for the New Mexico Department of Agriculture to fund and provide feedstock for the production of wine by New Mexico wineries. There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a nonrecurring expense to the appropriation contingency fund of the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the appropriation contingency fund.

The appropriations in House Bill 177 are from the appropriation contingency fund. Those funds are part of the state's allocation from the American Rescue Plan Act's state fiscal recovery fund.

The LFC budget recommendation already appropriates all of the \$1.07 billion state fiscal recovery funds. As such, that recommendation would need to be reduced by \$2 million if House Bill 177 passes.

SIGNIFICANT ISSUES

The New Mexico Department of Agriculture reported that the New Mexico Wine and Grape Growers' Association drafted a plan titled “Replanting Our Roots, New Mexico Vineyard Restoration Act” wherein it is proposing a program to help restore lost acreage, replant and restore 400 acres of vineyards over the next two years with a \$2 million investment. This equates to 400 thousand new vines in the ground by 2024.

The New Mexico Department of Agriculture also requested clarification regarding its responsibilities under HB177 (i.e., to administer a grant program vs. identify rootstock cultivars to purchase, make the purchase, warehouse and arrange for the delivery to growers, etc.)

ADMINISTRATIVE IMPLICATIONS

The New Mexico Department of Agriculture reports that additional staff resources of \$56 thousand would be required to implement and administer this program. Those resources include 50 percent of one agricultural marketing specialist FTE and 20 percent of an accountant FTE and \$7,000 in operation funds to administer, monitor and track the program. It is unclear if funds from this bill could be used for program administration.

TECHNICAL ISSUES

The New Mexico Department of Agriculture recommends amending the HB177 language to replace the word “feedstock” with “rootstock” or “vines.”

MF/al/acv