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## FISCAL IMPACT REPORT

SPONSOR	<u>SCONC</u>	LAST UPDATED	<u>3/8/2023</u>
		ORIGINAL DATE	<u>3/8/2023</u>
SHORT TITLE	<u>Agritourism Promotion Act</u>	BILL NUMBER	<u>CS/Senate Bill 464/SCONC</u>
		ANALYST	<u>Dick-Peddie</u>

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

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	\$100.0	\$100.0	\$200.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

New Mexico Department of Agriculture  
Economic Development Department  
New Mexico Tourism Department

## SUMMARY

### Synopsis of SCONC Substitute for Senate Bill 464

The Senate Conservation Committee Substitute for SB464 requires the New Mexico Outdoor Recreation Division of the Economic Development Department (EDD) to increase agritourism.

The legislation mandates EDD work with the following agencies to promote agritourism:

- The New Mexico Economic Development Department;
- The Tourism Department;
- The State Land Office;
- The Rio Grande Trail Commission;
- The State Parks Division of the Energy, Minerals and Natural Resources Department;
- The Department of Game and Fish;
- The Cultural Affairs Department;
- The Indian Affairs Department; and
- The Department of Health and the Department of Transportation.

Agritourism is defined in the bill as activities that allow members of the public, for recreational, entertainment, or educational purposes, to view or enjoy rural activities, including farming activities, ranching activities, or historic, cultural, or natural attractions for recreational, entertainment, or educational purposes.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

EDD notes in agency analysis that the Outdoor Recreation Division currently has a budget of \$1.1 million, and just 2 FTE. EDD notes that there is no funding included in the legislation, and the Outdoor Recreation Division and staff are currently at capacity, creating “an unfunded mandate extremely difficult to implement without future funding and personnel.”

## SIGNIFICANT ISSUES

The Economic Development and Tourism departments note that more than half of the states in the U.S. have enacted agritourism-related statutes, including liability protections, tax credits, and zoning requirements for agritourism businesses. New Mexico currently has similar limited liability statutes in place for outdoor activities such as skiing and equine activities.

The New Mexico Department of Agriculture (NMDA) notes that the agency is directly involved in the state’s agritourism industry through the administration of competitive grant programs and the development of individualized marketing programs. NMDA reports that in 2017, New Mexico farms had 465 agritourism and recreational services that generated over \$18 million.

EDD notes that agritourism is a “bridge” industry between two of the department’s target industries; outdoor recreation and sustainable agriculture, stating, “agritourism operations bridge these industries and provide a niche for outdoor recreation in the growing popularity of agriculture in New Mexico’s diversity of rural and urban areas.” NMTD similarly notes the potential for agritourism in New Mexico:

As the desire for sustainable tourism activities increases among travelers, agritourism—a commercial enterprise which links agricultural production/processing with traditional tourism activities—is growing across the country. New Mexico in particular, due to its rich history of unique agricultural practices and production, could be well-poised to take advantage of this growth. In particular this would benefit rural communities and help support local agricultural businesses.

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