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FISCAL IMPACT REPORT

SPONSOR: Gubbels DATE TYPED: 02/21/01 HB 583
 SHORT TITLE: Industrial Hemp as Commercial Crop SB _____
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 50.0			Non-Rec	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to: House Bill 582

SOURCES OF INFORMATION

LFC Files
 CHE Fund Appropriation Matrix FY02

SUMMARY

Synopsis of Bill

House Bill 583 appropriates \$50.0 from the general fund to the Board of Regents of New Mexico State University (NMSU) for the College of Agriculture to study the feasibility of growing industrial hemp as a commercial crop.

Significant Issues

This bill directs the NMSU College of Agriculture to perform research on the feasibility of growing industrial hemp as a commercial crop in New Mexico and to establish a pilot test program. Additionally, NMSU is directed to report their findings to the Legislature no later than November 2002.

FISCAL IMPLICATIONS

The \$50.0 appropriation contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 583 -- Page 2

This bill relates to **House Bill 582** which provides state authority for legalization of the growing or possession of industrial hemp and amends portions of Section 30-31-2 NMSA 1978. It also authorizes the New Mexico Department of Agriculture (DOA) to develop, manage and maintain an industrial hemp seed growing facility and seed bank including distribution to licensed producers.

OTHER SUBSTANTIVE ISSUES

The DOA reports that the only research plot of hemp in the U.S. was planted in Hawaii in 1999. To gain DEA approval of the project, scientists were required to enclose the one-quarter acre plot inside a 12-foot-high fence with infrared surveillance. Funding of \$200,000 was obtained to accomplish the project. This project is under Department of Public Safety and DEA oversight.

The following is provided for information only. It is not intended as a commentary on the merits of the program/project:

A request for this appropriation was not included in NMSU's budget request to the NMSU Board of Regents, it was not approved by the NMSU Board of Regents, and it was not submitted by NMSU to the Commission on Higher Education (CHE) for review.

The CHE did not recommend funding this program.

LG/prr