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FISCAL IMPACT REPORT

SPONSOR Grubestic DATE TYPED 3/7/05 HB _____

SHORT TITLE Genetically Engineered Food Labeling Act SB 906

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$300.0 - \$600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
New Mexico Department of Environment (NMED)
Department of Corrections (DOC)

No comments were received from the New Mexico Department of Agriculture (NMDA) at the time this FIR was prepared.

SUMMARY

Synopsis of Bill

Senate Bill 906 would adopt the Genetically Engineered Food Labeling Act, which would require labeling of genetically engineered foods. The Department of Environment (NMED) would be responsible for creating a label designating genetically engineered foods and for implementation of the Act, including promulgation of rules, conducting investigations, and enforcement. Violation of the Act would be a misdemeanor. The Act would be effective January 1, 2006.

Significant Issues

The public has become more educated about their food and may demand labeling about genetically engineered food products in the future. There is a movement nationally to protect consumers and the general public from unintended consequences of genetic engineering. SB906 pro

vides consumers basic information about the presence of genetically engineered materials in foods.

The Economic Development Department indicated concerns that, if this bill were enacted, distributors may refuse to ship their products to New Mexico as it is a small portion of their total sales and that the bill may also be in violation of our federal interstate commerce regulations. EDD also noted that small food processors in the state may be unable to absorb the added costs associated with new regulatory and labeling requirements.

According to NMED, some of the techniques that would fall under the definition of genetically engineered (GE) would be more appropriate for the Department of Agriculture to regulate, i.e. use of GE-related products; use of GE products that are part of the process, but are not in the final product; GE animal feed; and species that have been GE before processing. NMED also noted that FDA has not promulgated regulations on this issue, though NMED does not know why. FDA has issued guidance on the subject, but no rules.

FISCAL IMPLICATIONS

If NMED were required to conduct inspections statewide, the agency might require 5-10 additional inspectors at a cost of about \$300,000 - \$600,000.

DOC indicated the bill could increase costs to the department by increasing the number of those incarcerated and on parole/probation. However, the number of convictions is likely to be minimal. Additional costs to DOC might be offset to some degree by increased revenue from probation/parole fees.

OTHER SUBSTANTIVE ISSUES

NMED and EDD indicated the New Mexico Department of Agriculture (NMDA) is charged with inspection and monitoring food processes in the state and should be the lead agency for this bill.

ALTERNATIVES

Regulatory authority could be assigned to NMDA.

DH/yr