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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/2007

SPONSOR Nunez LAST UPDATED _____ HB 438

SHORT TITLE NMSU Pecan Industry Assistance SB _____

ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$250.0	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University - Department of Agriculture (DOA)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 438 appropriates \$250,000 from the General Fund to the Regents of NMSU for expenditure in FY 2008 to support the DOA's program for economic development, research, and pest protection to serve the pecan industry.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2008 shall revert to the General Fund.

SIGNIFICANT ISSUES

Department of Agriculture Agency Analysis

New Mexico has quietly grown to be one of the top pecan producing and pecan processing states in the country (\$90-\$120 million-excluding value added);

2,000+ jobs). Private investment in New Mexico's pecan industries continues with planned expansion of existing shelling plants, future development of additional cold storage facilities, and additional "value added businesses" including candy manufacturing. Currently, primary funding sources for pecan related programs at NMSU/NMDA that support industry needs are comprised of federal grants and grower contributions. Over the past two years, federal grants have been significantly reduced, thus increasing the importance of this funding request. This year, New Mexico's first \$3-\$4 million pecan shipment was made to China as a result of last year's economic development partnership between industry and NMDA. This funding request, combined with industry contributions will partially support a non-traditional approach in which private industry requirements, research, insect protection, and economic development programs are interlaced. Funds will be jointly administered by the board of directors of NMPGA representatives from NMDA. The College of Agriculture and Home Economics will coordinate research programs. Priority research directions include: the efficient use of irrigation water, optimizing and minimizing pesticide use, and management practices to stabilize production. Funding for economic development purposes will include expanding New Mexico's pecan exports to China.

This proposal was not submitted to HED by NMSU and was not included in the Department's funding recommendation for FY08.

BM/yr