F I S C A L   I M P A C T   R E P O R T

	ORIGINAL DATE	01/26/09	
SPONSOR Bandy	**LAST UPDATED**	03/15/09	**HB** 38/aHCPAC/aHJC/aSCORC
SHORT TITLE Marketing New Mexico Agricultural Products		**SB**	
		ANALYST	Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	**FY10**		
	NFI		

 (Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		$65.0	$65.0	$130.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
New Mexico Department of Agriculture (NMDA)
Higher Education Department (HED)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment adds language to direct the department to cooperate with affected growers and industry in developing and implementing certification standards for the branding initiative.

Synopsis of HJC Amendment

The House Judiciary Committee amendment adds language to protect trademark and copyright of an agricultural product. The amendment clarifies so that rulemaking and the certification process would not be construed to convey authority for trademarks and copyrights.

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment reorients the focus of the bill from marketing to branding as well as from adopting rules to implementation.

Synopsis of Original Bill

House Bill 38 amends the Agricultural Market Development Act of 1979 to authorize the Department of Agriculture to adopt rules and develop certification standards reflecting agricultural product origin, variety or other special characteristics for marketing purposes.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

The additional operating budget impact estimated reflects the cost of 1 FTE, travel, advertising and promotion.

SIGNIFICANT ISSUES

NEW MEXICO---taste the tradition and NEW MEXICO---grown with tradition are registered trademarks currently used to identify a New Mexico food or agricultural product. According to NMDA, the amendment authorizes greater flexibility in the development of branding strategies. The agency would work with growers, procedures and value-added processors.

NMDA notes regulatory approaches were not the intent of the Agricultural Market Development Act.

NMDA discusses the legislation does not specify which entity would create rules and certification standards: industry, request of industry to the department.

A New Mexico Chile Task Force report which cited recent research showing wine, beef and produce which differentiate products based on regional origin resulted in increased profit for agricultural producers. HED provides recent national examples such as "Idaho Potatoes" branded by the Idaho Potato Commission and "Vidalia Onions" branded by the Georgia Department of Agriculture.

PERFORMANCE IMPLICATIONS

The bill does not specify intended outcomes.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMDA notes current law provides for regional branding of agricultural products.

POSSIBLE QUESTIONS

1. Would a fee (other state funds) support the projected administrative costs or could the legislative intent be accomplished within existing funds?
2. What are the intended outcomes of the bill, and how would those outcomes be measured?

AW/mc:mt