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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/09

SPONSOR Nunez LAST UPDATED _____ HB 673

SHORT TITLE Rural Artisan Manufacturers & Food Producers SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$300.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

House Bill 673 appropriates \$300.0 from the general fund to the Board of Regents of New Mexico State University to support the New Mexico Department of Agriculture's buy New Mexico program in maintaining wholesale trade shows and an e-commerce web site to promote and sell products made by rural artisan manufacturers and food processors.

FISCAL IMPLICATIONS

The appropriation of \$300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state

goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

The NMDA states that this funding would be used to implement the Santa Fe gift market wholesale trade show and to maintain showrooms at the California, Denver, and Dallas gift markets. The funding would allow upgrading and maintaining an e-commerce website which would showcase and sell New Mexico products.

The HED notes that the appropriation is administered by NMDA in conjunction with New Mexico's Own. New Mexico's Own is a private nonprofit 501c3 organization established in 1995. In partnership with the NMDA, this organization has provided New Mexico small businesses primarily in rural areas of the state with wholesale market access and direct sales through its two programs, the Santa Fe Gift Market and newmexicoown.com, the e-commerce website, since 1998.

GH/mt