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FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/13

SPONSOR Chavez LAST UPDATED _____ HB 56

SHORT TITLE Statewide Cohesive Food Infrastructure SB _____

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$1,400.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$40.0	\$40.0	\$80.0*	Recurring*	General Fund

(Parenthesis () Indicate Expenditure Decreases)

*The DFA Local Government Division estimate of additional costs associated with the administration of this program. The estimate is based on the anticipated need for an additional ½ FTE.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

This bill appropriates \$1.4 million from the general fund to the Local Government Division of the DFA for the purpose of supporting a project to accelerate the growth of food entrepreneurs by working with multiple rural communities to develop their respective food assets to create a statewide cohesive food infrastructure.

The appropriation of \$1.4 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund.

ADDITIONAL FISCAL IMPLICATIONS

The Rio Grande Community Development Corporation anticipates that the project will generate 20 new companies, 298 new jobs, and \$5.5 million in gross business impacts across multiple rural New Mexico communities over the next four years.

SIGNIFICANT ISSUES

The NMDA states that this project will assist rural communities to develop their food assets to build viable food-related infrastructure that connects rural producers to consumers. Currently, there are community kitchens in Taos, Espanola, and Albuquerque. Along with these kitchens, there are privately owned companies that co-pack food products throughout the state. Some of these companies are located in Albuquerque, Santa Fe, and Las Cruces.

ADMINISTRATIVE IMPLICATIONS

The DFA notes that the bill adds administrative work to the Local Government Division (LGD) of DFA including: 1) developing a request for proposal, 2) soliciting and contracting with the selected vendor, and 3) managing the program. Depending on program needs, additional staff might be needed for oversight of the program. It is not guaranteed that the bill's sponsor, the Rio Grande Community Development Corporation, would be chosen to run the program.

The DFA-LGD does not have expertise in determining what is necessary to develop a statewide cohesive food infrastructure program or to develop evaluation criteria for such a program.

There are no funds allocated in the bill for administrative costs for DFA-LGD to manage the fund.

ALTERNATIVES

Change the appropriation to the Department of Agriculture.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Funding will not be available to build viable food-related infrastructure that connects rural producers to consumers.

CEB/svb