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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/14
 LAST UPDATED 02/03/14 HB 237

SPONSOR Chavez

SHORT TITLE Develop State Food Infrastructure SB _____

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$350.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$350.0	\$350.0	\$700.0	Recurring	DFA Special Appropriations

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 56 from the 2013 Regular Session except that HB 56 appropriated \$1.4 million for the same purpose.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 237 appropriates \$350 thousand dollars from the general fund to the Local Government Division of the Department of Finance and Administration to support a project to accelerate the growth of food entrepreneurs.

The project will assist rural communities to develop their food assets to build viable food-related infrastructure that connects rural producers to consumers.

FISCAL IMPLICATIONS

The appropriation of \$350 thousand dollars contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2015 shall revert to the general fund.

Regarding a similar bill in the 2013 Regular Session (HB 56), the Rio Grande Community Development Corporation anticipated the project would generate new jobs and potentially millions in gross business impacts across multiple rural New Mexico communities over four years.

SIGNIFICANT ISSUES

Regarding a similar bill in the 2013 Regular Session the New Mexico Department of Agriculture noted the project would assist rural communities to develop their food assets to build viable food-related infrastructure that connects rural producers to consumers.

As of January 2013, there were 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

Regarding a similar bill, the DFA noted the bill would add 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.

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

Consider changing 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 as described in this bill.

CB/jl