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## FISCAL IMPACT REPORT

**SPONSOR** Trujillo, CH/ Roybal Caballero      **ORIGINAL DATE** 1/23/19  
**LAST UPDATED** \_\_\_\_\_      **HB** 63  
**SHORT TITLE** Study Industrial Hemp Production & Sales      **SB** \_\_\_\_\_  
**ANALYST** Hawker

### APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
	\$100.0				Nonrecurring	GF

Parenthesis ( ) indicate expenditure decreases

### SOURCES OF INFORMATION

LFC Files  
National Conference of State Legislatures (NCSL)

Responses Received From  
New Mexico Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

House Bill 63 appropriates \$100 thousand from the general fund to the Department at Agriculture to perform a study to determine how to develop the production and sale of industrial hemp in New Mexico.

### FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund.

### SIGNIFICANT ISSUES

The Farm Bill, which was signed on December 20, 2018, included the national legalization of hemp, removing it from the federal class 1 designation. According to NCSL, at least 41 states including New Mexico, have passed industrial hemp legislation.

NMDA will utilize the funding provided in H 63 to support development directed at identifying:

- Current status of hemp industries in New Mexico
- Infrastructure needs
- Possible down-stream industries to sustain and diversify the hemp industry
- Identify legislative initiatives that could contribute to continued economic development of the industry in New Mexico.

NMDA anticipates in the short term, New Mexico's hemp production will be directed primarily at the production and extraction of Cannabidiol (CBD). CBD is a compound that can be utilized to as a treatment for various ailments, such as anxiety, movement disorders, and pain. NMDA believes the historic profitability associated with the CBD industry will not be sustained beyond an estimated three to five years. States that identify and pursue down-stream manufacturing based on hemp production will be better positioned to maintain hemp as a sustainable industry for New Mexico.

VH/gb/al