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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED

SPONSOR Herndon HB 186

SHORT TITLE Promote Expansion of AG Products SB _____

ANALYST Dick-Peddie

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$400.00	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.00	\$75.00	\$75.00	\$150.00	Recurring	General Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department
New Mexico Department of Agriculture
New Mexico Livestock Board

SUMMARY

Synopsis of Bill

House Bill 186 appropriates \$400 thousand from the general fund to the Economic Development Department for expenditure in fiscal year 2023 to contract with community economic development centers organizations to promote the expansion of local farms, ranches, community kitchens, and food entrepreneurs to expand the production of New Mexico agricultural products.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$400 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY23 shall revert to the general fund. Although HB186 does not specify future appropriations, establishing a new program could create an expectation that the program will continue in future fiscal years, therefore this cost is scored as recurring.

The Economic Development Department notes that the agency would need to set parameters and program guidelines for how to expend the funds, and may require a new FTE to run the program. The Estimated Additional Operating Budget Impact table reflects an average FTE cost at the department.

The New Mexico Department of Agriculture submitted the following economic background on the potential for agricultural product growth in the state:

According to the 2020 New Mexico agricultural statistics bulletin, 24,800 New Mexico family farms produced \$3,000,000.0 (three billion dollars) in cash receipts in 2020. Top New Mexico agricultural products include \$1,320,000.0 (one billion three hundred twenty million dollars) in dairy products; \$964,000.0 (nine hundred sixty-four million dollars) in cattle and calves; \$629,000.0 (six hundred twenty-nine million dollars) in grain crops; \$123,000.0 (one hundred twenty-three million dollars) in pecans; \$87,000.0 (eighty-seven million dollars) in onions and \$52,000.0 (fifty-two million dollars) in chile peppers.

According to the 2017 United States department of agriculture census of agriculture, only six percent of farms sell directly to consumers, revealing significant opportunities for growth in marketing locally produced and processed consumer-oriented food products. There are a wide variety of crops that consumers expect to find in retail, foodservice and institutional outlets (e.g., produce, tree nuts, dairy products, meats, etc.), all of which are, or can be, produced year around by New Mexico farms, ranches and agribusinesses, representing a significant opportunity to increase economic activity and jobs in the state.

SIGNIFICANT ISSUES

The New Mexico Livestock Board noted that with the advancement of an in-state meat inspection program, the agricultural sector of the state's economy is quickly growing and programs such as that proposed in HB186 would help further that growth.

ADP/HAWRC/acv