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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/2015

SPONSOR Salazar **LAST UPDATED** _____ **HB** 507

SHORT TITLE MN Chile Advertising Act Exemptions **SB** _____

ANALYST Hartzler

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	Indeterminate	Indeterminate	Recurring	Gross Receipts Tax

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 576, NM Chile Adverting Act Exemptions

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 507 amends the New Mexico Chile Advertising Act in two ways, by adding

- (1) a new definition of “native chile pepper,” which means a “landrace variety of Capsicum annuum that have become adapted to the local or regional environment through enduring agricultural practices.
- (2) Allows the advertising, describing, labeling or selling New Mexico native chile peppers varieties, also known as “chile native” and “pueblo chile” varieties, under the Act.

FISCAL IMPLICATIONS

There are no fiscal impacts to state agencies. Additional revenues from gross receipts tax may be gained if the sale of “native chile peppers” grows because these varieties can be advertised, described, labeled or sold as New Mexico chile products.

SIGNIFICANT ISSUES

NMDA states “the intent of the New Mexico Chile Advertising Act is to assure that the New Mexico advertised chile products offered for sale as containing New Mexico chile, were actually chile peppers or chile peppers in the product were grown in New Mexico.” The language in HB 507 “is in direct conflict with the intent of this Act” because it allows products not necessarily grown in New Mexico to be marketed and sold as such.

PERFORMANCE IMPLICATIONS

According to NMDA, HB 507 would render the agency’s enforcement capabilities of the Act nonexistent. “It would be difficult to define and determine what constitutes a “native chile pepper” using the bill’s definition.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 507 duplicates SB 576, NM Chile Advertising Act Exemptions.

TH/je/aml