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## FISCAL IMPACT REPORT



SPONSOR: Cervantes DATE TYPED: 02/01/02 HB 324

SHORT TITLE: Chili Industry SB \_\_\_\_\_

ANALYST: Baca

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring Or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$241.7			Recurring	General Fund

(Parenthesis) Indicate Expenditure Decreases)

Relates to Appropriation in The General Appropriation Act

### SOURCES OF INFORMATION

Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

House Bill 324 appropriates \$241.7 to the Board of Regents of New Mexico State University (NMSU) from the general fund to increase the profitable yield of chile for producers and to support the economic sustainability of the New Mexico chile industry.

#### Significant Issues

The New Mexico Chile industry annually contributes more than \$200 million to the state's economy, according to NMDA. Chile also contributes to the cultural identity of this state. However, according to the NMDA analysis, serious problems plague the state's signature crop.

The fresh market chile imports through New Mexico's two ports of entry with Mexico have increased from 66 metric tons in 1989 to 42,957 metric tons in 1998, and, chile industry officials predict that within five to seven years there may not a chile processing industry in the state because of the high labor costs primarily associated with hand harvesting. NMDA states that Chile varieties must be developed, crop management practices must be adjusted, and a comprehensive economic analysis of production inputs is needed.

**FISCAL IMPLICATIONS**

The appropriation of \$241.7 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY2003 shall revert to the general fund.

According to NMDA, the Agricultural Experiment Station and the Cooperative Extension Service at New Mexico State University maintains departments that include expertise in agronomic issues, harvesting issues and marketing issues. This appropriation will enhance the ability to respond to the specific needs facing the chile industry.

**CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP**

HB 324 relates to HB 2, the General Appropriation Act that includes the appropriation for NMSU.

**OTHER SUBSTANTIVE ISSUES**

The following is provided for information only. It is not intended as a commentary on the merits of the bill:

This request was not included in the NMSU Board of Regents budget request to the CHE. Consequently, the CHE did not review nor did recommend the program.

LB/ar