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FISCAL IMPACT REPORT

SPONSOR: Cervantes DATE TYPED: 2/7/03 HB 438
 SHORT TITLE: Expand Chile Industry SB _____
 ANALYST: L. Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$241.7			Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 329

Relates to Appropriation New Mexico State University in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 438 appropriates \$241.7 from the general fund to the Board of Regents of New Mexico State University (NMSU) for fiscal year 2004 to increase the profitability of chile and to increase the economic sustainability of the New Mexico chile industry.

Significant Issues

This request was not included in NMSU's budget request to the NMSU Board of Regents, and thus was not included in the list of priority projects submitted by NMSU to the Commission on Higher Education for review.

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 fiscal year 2004 shall revert to the general fund.

RELATIONSHIP

HB 438 relates to HB 329, Preserve Chimayo Chile, which appropriates \$100.0 to the Economic Development Department to contract with non-profit farmers' market organizations to develop an economic development plan to preserve, conserve, heirloom and seed bank the Chimayo chile strain to develop the traditional Chimayo agricultural industry.

TECHNICAL ISSUES

NMSU reports that the Agricultural Experiment Station and the Cooperative Extension Service at New Mexico State University maintain departments that include expertise in agronomic issues, harvesting issues, and marketing issues. This bill calls for the addition of expertise in agronomic science, agricultural engineering, and agriculture marketing.

OTHER SUBSTANTIVE ISSUES

The New Mexico Chile industry annually contributes more than \$200.0 million to the state's economy. Chile also contributes to the cultural identity of this state. Plagued by labor costs, market conditions (chile imports from Mexico increased from 66 metric tons in 1989 to 42,957 tons in 1998) and problems relating to weather conditions, the industry could cease to exist in five to seven years, according to the New Mexico Department of Agriculture. These conditions, intensify the the need for New Mexico to develop chile varieties, adjust crop management practices, and conduct a comprehensive economic analysis of production inputs.

AMENDMENTS

The CHE suggests the following language for all new recurring higher education programs and expansion of current programs (assuming that funding will continue beyond 2002-2003):

“The institution receiving the appropriation in this bill submit a program evaluation to the Legislative Finance Committee and the Commission on higher Education by August 2005 detailing the benefits to the State of New Mexico from having implemented this program over a three period.”

LRB/prr