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FISCAL IMPACT REPORT

SPONSOR Stell DATE TYPED 2/6/2004 HB 203/aHAGC

SHORT TITLE Amend Organic Commodity Act SB _____

ANALYST Aguilar

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$5.0	\$15.0 - \$50.0	Recurring	Organic Market Development Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates Senate Bill 165

SOURCES OF INFORMATION

LFC Files

Responses Received From

Organic Commodity Commission (OCC)

SUMMARY

Synopsis of HAGC Amendment

The House Agriculture and Water Resources Committee amendment makes a technical correction to language in Section 2, subsection E, removing redundant language relating to the governor's appointment authority.

Synopsis of Original Bill

House Bill 203 expands the scope of funding opportunities, corrects a conflict of interest with the National Organic Program, establishes a fee for private certifiers, allows for competitive certification fees for large producers and makes certain technical adjustments to language.

Significant Issues

At present, the Organic Commodity Commission is prevented from expanding revenue opportunities which places considerable pressure on meeting statutory enforcement and compliance re-

quirements. HB 203 expands the scope of funding activities, allowing the agency to increase revenue enhancement activities.

In FY04, the OCC acquired an international certification, known as ISO-65, allowing the commission to certify producers as eligible for exporting products to European markets. As a requirement for this certification, the OCC was mandated to have all commission members certified by an independent certifier. This would place commission members at odds with current statute with regard to membership. HB 203 corrects this issue.

HB 203 addresses the issue of private certifiers, particularly those from out of state who certify producers in New Mexico. The bill establishes a fee for these certifiers which will cover OCC costs relating to oversight and enforcement.

With the expected growth of the organic food industry and the recent ISO-65 certification, it is expected that production will increase dramatically. HB 203 establishes a range of fees from which the commission may choose to apply to those producers who gross over \$2 million annually. This provision will allow the commission to have competitive certification fees for these producers.

FISCAL IMPLICATIONS

The impact of these provisions is expected to be about \$15 thousand in FY05. For subsequent years, with the expansion of production and export potential, the commission expects a recurring impact of \$15 thousand to \$50 thousand annually.

ADMINISTRATIVE IMPLICATIONS

This bill will improve the OCC's ability to enforce organic production standards and increase economic development opportunities for organic producers in the state.

PA/njw:yr