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FISCAL IMPACT REPORT

SPONSOR Stell DATE TYPED 02/02/05 HB 196

SHORT TITLE Specialty Crop Program SB _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$250.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act. Duplicates SB367

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU), New Mexico Department of Agriculture (NMDA)
New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 196 – Making an Appropriation to New Mexico State University for the Specialty Crop Program – appropriates \$250,000 from the general fund to the Board of Regents of New Mexico State University for the New Mexico Department of Agriculture for expenditure in FY06 to fund the Specialty Crop Program. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

NMDA indicates the Specialty Crops Program – defined as crops that bring a higher net return per acre than more traditional crops such as corn, wheat, or cotton – was originally funded during the 1983 legislative session with an initial allocation of \$75,000 in recurring funds. Since its inception, the program has provided funds to groups and individuals who desire to pursue specialty

agricultural products production and marketing. It has also provided start-up funds to organizations advocating programs that positively impact farmers and ranchers in the state. The Specialty Crops Program receives over \$300,000 in requests each year; however, limited funding prohibits NMDA from funding many viable projects, while under-funding many of those that receive financial support.

CHE notes that this request was not included in the list of priority projects submitted by NMSU to CHE for review. Accordingly, the request was not included in the commission's funding recommendation for FY06.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

NMDA indicates it would retain oversight of the program. Further, since Specialty Crops Program already exists, it would entail little additional administrative impact other than adding to the fund of available grant resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for New Mexico State University in the General Appropriations Act. Duplicates SB367

OTHER SUBSTANTIVE ISSUES

CHE indicates that higher education institutions receive indirect cost revenues from federal contracts and grants. This money is unrestricted in the sense that the governing board of the institution has the flexibility to choose which projects are supported with these funds. A great deal of this money is used as seed money to develop new research and public services projects at institutions. A portion of the indirect cost revenue, and earned overhead, is used to support items such as the salaries of the accountants responsible for monitoring the contract and grants, or for paying utilities and other expenses required to maintain the space where the contract and grant activities are housed. CHE further suggests that the higher education funding formula allows institutions to retain 100 percent of this indirect cost revenue, and one of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.

BFW/lg