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## FISCAL IMPACT REPORT

SPONSOR Begaye DATE TYPED 02-08-05 HB 417

SHORT TITLE Farmington Agricultural Center Programs SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$25.0			Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act. Duplicates SB294

### SOURCES OF INFORMATION

LFC Files

#### Response Received From

New Mexico State University (NMSU), College of Agriculture and Home Economics (CAHE)  
New Mexico Commission on Higher Education (CHE)

### SUMMARY

#### Synopsis of Bill

House Bill 417 – Making an Appropriation for a Feasibility Study and Strategic Plan for Future Research Programs at the Agricultural Research Center in Farmington – appropriates \$25,000 from the general fund for expenditure in FY06 to the Board of Regents of New Mexico State University for development of a feasibility study and strategic plan, including infrastructure requirements for the Agricultural Science Center at New Mexico State University’s Farmington campus. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

Serving the agricultural needs of the culturally diverse client groups found in the San Juan River basin of northwest New Mexico and the Four Corners region, NMSU-CAHE indicates the NMSU Agricultural Science Center at Farmington supports crop improvement, weed control, and irrigation/water management research. Located southwest of Farmington, the center is the only agricultural research facility in the state of New Mexico on the western side of the Continental Divide. Water resources research is a cornerstone of the center's activities, as 60 percent of the total surface water that flows downstream through New Mexico passes through the San Juan basin into the Colorado River system. Working closely with the Navajo Agricultural Products Industry, small-scale Native Americans, long-time area farmers, and recently arrived urban immigrants, the center has identified horticultural research and development as the agricultural discipline capable of most benefiting these groups. A collaborative program between the center and San Juan College will provide a mechanism for addressing both teaching and research needs of the community.

However, NMSU-CAHE additionally notes that forty years after the establishment of the NMSU Agricultural Science Center in Farmington, realities of agricultural research in an arid environment have changed. Infrastructure at the center is degrading as buildings and equipment are exceeding their designed usable lifespan. The lack of appropriate shade protection puts additional strain on equipment exposed to the elements. Developing priority programs for the future and identifying items needing improvements, upgrading, or refurbishing are critical elements of any enhancement program. The funds appropriated in this bill will be applied to a comprehensive feasibility study to prioritize areas of research and identify future capital improvement requirements.

CHE notes this request was not 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 \$25,000 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**

NMSU-CAHE would retain oversight of the program.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

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

Duplicates SB294 in that SB294 also appropriates \$25,000 from the general fund for expenditure in FY06 to the Board of Regents of New Mexico State University for development of a feasibility study and strategic plan, including infrastructure requirements for the Agricultural Science Center at New Mexico State University's Farmington campus.

## OTHER SUBSTANTIVE ISSUES

As general background as to the center and its impact on the industry, NMSU-CAHE notes the following:

- Scientists from the Agricultural Science Center at Farmington have made significant impact on the lives of citizens from the Four Corners region for nearly 40 years. They have contributed to the economic vitality of northwestern New Mexico and the bordering regions through applied research, development, and extension.
- More than 1,000 varieties of different agronomic and horticultural crops have been tested, including: winter wheat, spring wheat, winter barley, spring barley, oats, corn, alfalfa, crambe, dry beans, potatoes, chile pepper, lettuce, tomato, green bean, onion, apple, pear, peach, nectarine, cherry, grape, cucumber, pea, pumpkin, and winter and summer squash. Other research has tested potential pasture species, poplar trees, Christmas trees, and such turf grass species as blue grass, rye grass, wheat grass, fescue, buffalo grass, blue grama, Bermuda grass, and zoysia grass for suitability in the Four Corners region.
- Researchers developed water production functions (relationships between yield and crop water-use) and crop coefficients (for irrigation scheduling) for many crops including: potatoes, corn, alfalfa, winter wheat, barley, pinto beans, canola, pasture grass, onions, chile peppers, tomatoes, and various turf grass species. These functions can be used to assist in efficient irrigation management and in making important economic decisions related to water and crop production.
- Current research on micro and drip irrigation may contribute to substantial water savings for residents of the Four Corners region.
- Since 1980, many producers of field and horticultural crops have adopted herbicides for weed control based on our research. This includes control of Canada thistle and Russian knapweed, commonly referred to as the weed of the Four Corners.
- Registration of the herbicide Pursuit, for use in pinto beans, was based on research carried out at the Agricultural Science Center at Farmington.
- Results of research on the rehabilitation of disturbed lands with native and non-native grasses could potentially improve more than 50,000 acres of well sites and pipeline rights-of-way in the San Juan oil/gas production basin.
- Agricultural Science Center staff have designed and taught courses at San Juan College and the Navajo Agricultural Products Industry (NAPI). Training seminars, agricultural classes, on-farm demonstrations, and workshops have been presented to thousands of farmers and others responsible for agricultural and horticultural production on urban lots and farms ranging in size from several acres to more than 65,000 acres.
- Between 1970 and 2000, San Juan County yields of potatoes, corn, wheat, and alfalfa have increased 350 percent, 170 percent, 139 percent, and 69 percent, respectively. Much of the increased productivity can be traced to practices derived from research at the Agri-

cultural Science Center at Farmington. The value of just these four crops in San Juan County was more than \$33 million in the year 2000.

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. Further, that higher education funding formulas allow institutions to retain 100 percent of this indirect cost revenue. 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/rs**