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FISCAL IMPACT REPORT

SPONSOR Varela **DATE TYPED** 02-07-05 **HB** 278

SHORT TITLE Santa Fe Farmers' Market Institute **SB** _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$120.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.
Relates to HB70, SB276, and HB386

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
New Mexico Department of Health (DOH)

No Responses Received From

New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 278 – Making an Appropriation for the Santa Fe Farmers' Market Institute – appropriates \$120,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to support ongoing efforts by the New Mexico Department of Agriculture to plan, establish programming and continue development of an adequate revenue stream for a permanent site in the Santa Fe rail yard for and to operate the Santa Fe Farmers' Market Institute. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

DOH indicates that the Santa Fe Farmers' Market does not currently have a permanent location although it is a vital link in the promotion and marketing of farming in New Mexico, and presents a number of benefits to both the farmer and the public:

- it helps farmers earn enough income to continue farming;
- it helps create a stronger client base for the existing farmers' markets throughout the state; and
- it helps provide access to high quality, healthy foods.

NMDA notes that this bill will enhance the establishment of a farmers' market showcase – which will greatly benefit small-scale producers in northern New Mexico – by creating a year-round retail outlet for fresh and processed products, educational and/training facilities and office space for related support organizations. NMDA further notes:

- Currently the Santa Fe Farmers' Market has over 200 vendors.
- The Santa Fe Farmers' Market continues to be in the top ten farmers markets in the U.S. drawing 5000 plus customers on Saturday with yearly sales exceeding \$2 million.
- The Santa Fe Farmers' Market serves as the primary retail outlet for small-scale growers in northern New Mexico.
- The market increases local food supply and production.
- The Santa Fe Farmers' Market Institute has \$1.4 million in federal and private funds committed for the construction of the facility. Design and blueprints have been developed and submitted to the City of Santa Fe for approval.

This project is not included in the *CHE 2005-2006 Higher Education Funding Recommendation*.

FISCAL IMPLICATIONS

The appropriation of \$120,000 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 would retain oversight of the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

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

Relates to HB70 and SB276 in that both HB70 and SB276 seek to appropriate \$75,000 from the General Fund to the Board of Regents at New Mexico State University for expenditures to promote and develop New Mexico's farmers' markets.

Relates to HB386 in that HB386 also seeks to appropriate \$120,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to support ongoing efforts by the New Mexico Department of Agriculture to plan, establish programming and continue development of an adequate revenue stream for a permanent site in the Santa Fe rail yard for and to operate the Santa Fe Farmers' Market. (NOTE: HB386 does not include the language "institute," as included in HB278)

OTHER SUBSTANTIVE ISSUES

DOH indicates that the proposed appropriation of \$120,000 would assist the Santa Fe Farmers' Market Institute in carrying out its mission of promoting, fostering and encouraging small farm and ranch operations and other rural land-based operations. The first specific project of the Institute is the construction of a building in the Santa Fe Railyard Development area, which would serve as the permanent home of the Santa Fe Farmers' Market. Additionally, DOH notes:

- Since its inception 35 years ago, the Santa Fe Farmers' Market has experienced a 579 percent rate of growth and has operated in five different locations. The current location is temporary, and by summer 2006 the market will once again be forced to seek another site. A feasibility study and business plan commissioned by the Santa Fe Farmers' Market Institute found that at the peak of the 2003 summer season, 8,000 customers visited the Santa Fe Farmers' Market during a busy Saturday morning.
- The study also found that consumers at the Santa Fe Farmers' Market spent approximately \$1.75 million during a period of forty market days in the 2003 season, purchasing directly from market vendors. (Personal communication, Mikki Anaya, Director of Operations, Santa Fe Farmers Market) Without the Santa Fe Farmers' Market, area farmers will have minimal outlets to sell their produce and agriculture and will not have a major venue that allows them to sell their items directly themselves.
- Smaller, independently managed farms using environmentally sound agriculture practices can be more productive and efficient in the use of scarce land than corporate farms. A 1992 U.S. Agriculture Census showed that, based on total output per unit area, small farms produce over ten times more dollar output per acre than do the largest farms. Small farming operations can create greater biodiversity and cause less environmental damage than monoculture crops. Localized food production means more nutritious food, more jobs, major energy savings and a healthier population. From an agricultural or land use perspective, increased farming means an increase in fertile land.
- There are currently 37 farmers' markets in New Mexico, representing 700 small independent fruit and vegetable farmers. Farmers' markets can provide positive economic and health benefits to the communities in which they operate. A significant social determinant of health status is poverty. For some farmers and ranchers in northern New Mexico, their sole source of income is derived from the sale of their agricultural products. Funding which would stabilize the Santa Fe Farmers' Market could provide economic security that may eventually result in improved health outcomes.

- Nationally – and in New Mexico – obesity is on the rise. Two separate studies found that obesity has been shown to have a more substantial negative effect on chronic health conditions and health expenditures than smoking, heavy drinking or poverty (*American Journal of Clinical Nutrition*, 2004; 79:379-84; and *International Journal of Obesity*, 2003; 281-86.) Improved diet is highly correlated with a lower incidence of obesity and chronic disease. Over time, improved health can be directly correlated to reduced numbers of dollars spent on health care. Funding that would provide a permanent home to the Santa Fe Farmers' market will help provide continued access to the variety of healthy foods the market has to offer.

BFW/njw