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## FISCAL IMPACT REPORT

SPONSOR Cervantes DATE TYPED 02-07-05 HB 298

SHORT TITLE Improve Chile Industry SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$130.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act. Duplicates SB182

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico State University (NMSU), College of Agriculture and Home Economics (CAHE)

#### No Responses Received From

New Mexico Commission on Higher Education (CHE)

### SUMMARY

#### Synopsis of Bill

House Bill 298 – Making an Appropriation to Increase Profitability, Yield and Sustainability of the Chile Industry – appropriates \$130,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to increase the profitability and yield of chile and to increase the economic sustainability of the New Mexico chile industry. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

NMSU-CAHE indicates that without a critical mass of local chile production, there is no reason for the chile processing industry to remain in New Mexico. Further, that presently more than 70 percent of the cayenne and jalapeno crops are grown in Mexico while, a decade ago, most of the chile now imported was available from farms in southern New Mexico.

Facing increased foreign imports, NMSU-CAHE suggests that it is not difficult to imagine that multi-national and non-locally owned companies will evaluate the economics of relocating closer to the source of their raw materials. Accordingly, NMSU-CAHE has identified four key measures to insure that southern New Mexico communities are prepared to avoid the economic devastation that would result from farms, businesses, jobs and income being lost to foreign competition:

- improvement of management practices;
- reduction of costs through harvesting system mechanization;
- expansion of market opportunities; and
- effectively and efficiently using existing technology to enhance the harvesting and destemming of state-grown peppers.

While NMSU-CAHE indicates that this project was approved by the NMSU Board of Regents, it is not included in the CHE's *2005-2006 Higher Education Funding Recommendation*.

**FISCAL IMPLICATIONS**

The appropriation of \$130,000 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 SB182

**BFW/njw**