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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/08

SPONSOR Nunez LAST UPDATED _____ HB 239

SHORT TITLE NMSU Ag Producer Co-Ops SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY08 | FY09 | | |
| | \$175.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 239 appropriates \$175.0 from the general fund to the Board of Regents of New Mexico State University for the College of Agriculture and Home Economics to assist agricultural producers in the establishment of cooperatives.

This request was not submitted by NMSU to the New Mexico Higher Education Department for review and is not included in the Department's funding recommendation for FY09.

FISCAL IMPLICATIONS

The appropriation of \$175.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED notes that improvement of agriculture from a traditional-subsistence structure to a modern-commercialized one has created problems such as unemployment and a migration from rural areas to urban centers. In recent decades, a new approach has appeared that is aimed to

achieve rural development considering all sectors together in the economy as well as socially. Small and medium scale farms located in rural areas have been considered a focal point to create new employment and production. Cooperatives can make contributions to the rural economic, social, and political development of a region by assisting small and medium farmers in producing higher yields and providing a market for sale. For example, the organic wheat fields of the Sangre de Cristo Agricultural Producers Cooperative. The co-op has come a long way since it was formed in 1995 with help from NMSU and the New Mexico Department of Agriculture. Organized to improve economics and reintroduce grain production in the sparsely populated Costilla Valley, the co-op has done more than revive local wheat farming. It has boosted incomes in rural Taos County where the median household income is less than \$27,000 per year and nearly 21 percent of the population lives below the poverty line.

GH/bb