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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/13

SPONSOR Tripp LAST UPDATED 02/22/13 HB 100

SHORT TITLE Develop & Promote NM Farmers' Markets SB \_\_\_\_\_

ANALYST Roberts

### APPROPRIATION (dollars in thousands)

| Appropriation |        | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|--------|------------------------------|------------------|
| FY13          | FY14   |                              |                  |
|               | \$85.0 | Recurring                    | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, New Mexico State University, Department of Agriculture

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Agriculture (NMDA)

Department of Health (DOH)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Bill 100 appropriates \$85 thousand dollars from the general fund to the board of regents of New Mexico state university for the New Mexico department of agriculture for the purpose of developing and promoting farmers' markets in New Mexico.

### FISCAL IMPLICATIONS

House Bill 2 includes a general fund appropriation to the New Mexico Department of Agriculture totaling \$85 thousand for the purpose of promoting farmers' markets.

The appropriation of \$85 thousand dollars contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

## **SIGNIFICANT ISSUES**

The NMDA reports that there are currently 67 farmers' markets statewide. This is an increase from 34 farmers' markets in 2001. Farmers' markets are represented in 27 counties statewide with over 1,000 farmers participating in the markets. In 2011 it was estimated farmers generated \$6.3 million in sales. It is estimated over 35,000 shoppers visit statewide farmers' markets weekly. Farmers' markets play an important role in many communities because they provide an outlet for small-scale farmers to sell their produce.

The DOH adds:

This appropriation was introduced on behalf of the Water and Natural Resources Interim Committee. It is supported by the New Mexico Task Force to End Hunger. Promotion and further development of New Mexico's farmers' markets will make more fresh produce readily available to the Commodities Supplemental Food Program (CSFP) participants, the Women, Infant and Children (WIC) clients, and the general public.

The Farmer's Market Nutrition Program (FMNP) of WIC Program of DOH has been a source of predictable revenue during the growing season at 57 farmers' markets and for more than 800 farmers in New Mexico. These farmers' markets provide \$28.00 worth of fruits and vegetables monthly to WIC enrollees. Many small farmers have reported that retail sales through the WIC farmers market checks, help their profits and also helps them stay in business. Promotion and further expansion of New Mexico's farmers' markets to the CSFP participants, WIC clients, and general public may increase the economic impact to farmers' markets and local growers.

As the state's need for fresh, healthy food increases, funding to sustain programs that impact New Mexico's small-scale farmers has plummeted. Agriculture is the third largest industry in New Mexico, but 95% of crops grown are exported. Locally grown food that stays within the state offers residents healthy nutritious options and creates healthy rural economies. Food grown by small-scale farmers is sold locally through direct sales at farmers' markets, to restaurants, schools, and more. This is a burgeoning, though still fragile, segment of the state's agriculture industry. Most of these farmers are too small to receive federal subsidies, and many are located in rural areas too economically depressed to support high food prices. Farmers Market development funding has been used in the past to develop an infrastructure of Farmers Markets that sell food from small farms.

The HED further notes that New Mexico ranks 11<sup>th</sup> in the U.S. for farmers' markets, with a ratio of nearly 20 farmers' markets per million people in the population. More than 1,070 New Mexico farms generated over \$6.5 million in direct sales. Based upon sales estimates from the New Mexico Farmers' Marketing Association, the majority of these direct sales were generated through farmers' markets. In addition, farmers markets increase the cash flow within State of New Mexico and may add to the sustainability of small farms, but the HED is not aware of actual data on the economic effects of farmers' markets in New Mexico.

## **PERFORMANCE IMPLICATIONS**

The NMDA notes that this appropriation would provide additional resources needed for increased marketing and promotional opportunities, which encourage participation, attendance, and sales of New Mexico produce at farmers' markets.

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The DOH reports that the farmer's market program is part of the department's fiscal year 2014 strategic plan, goal 1: improve health outcomes for the people of New Mexico, specifically to reduce child and adolescent obesity and diabetes in all populations.

### **ADMINISTRATIVE IMPLICATIONS**

The board of regents of New Mexico state university would be responsible for administering the funds to the department of agriculture to develop and promote farmers' markets in New Mexico.

### **OTHER SUBSTANTIVE ISSUES**

The DOH reports that some rural New Mexico families travel up to 140 miles roundtrip to get to a grocery store, and 33% of NM rural stores do not carry fresh fruits or vegetables.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The NMDA notes that by not enacting this appropriation, it would limit the dollars available for promotion of farmers' markets statewide. This in turn could impact total sales and participation in farmers' markets.

MIR/svb:blm