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FISCAL IMPACT REPORT

Small/Stefanics/ SPONSOR Stansbury		ORIGINAL DATE LAST UPDATED	1/22/19 3/06/19	НВ	204/aHCEDC/aHAWC /aHAFC	
SHORT TITI	L E	Healthy Soil Act			SB	
				ANAI	YST	Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$250.0	\$250.0	\$500.0	Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee Amendment to House Bill 204 as amended strikes the appropriation to NMSU to administer the healthy soil program pursuant to the Healthy Soil Act. If this bill is passed by the Legislature and signed by the governor, program implementation and resources that include trainings, workshops and grant opportunities to support farmers and ranchers improve the health, yield and profitability of their soils will not be funded by this bill and require separate appropriations or require contributions of staff time and resources from NMDA and others.

Synopsis of HAWC Amendment

The House Agriculture and Water Resources Committee Amendment to House Bill 204 as amended adds the NMSU's extension service and a soil and water conservation district within the definition of "eligible entity", which means a local governmental entity with proven land management capacity to support healthy soil; clarifies that the definition of "soil health principle" as used in the Act means a principle that promotes soil health in a green environment; and allows the appropriation in the bill to NMSU to also be used for soil health research. Additionally, the amendment reduces the bill's one time appropriation from \$5.15 million to \$1.15 million. The amendment also makes other minor changes that aren't substantive.

Synopsis of HCEDC Amendment

The House Commerce and Economic Development Committee Amendment to House Bill 204 removes the terms "nonprofit" and "nongovernmental" when describing a technical assistance provider and eliminates the section that says NMSU may convene a healthy soil advisory group.

Synopsis of Orin gal Bill

House Bill 204 appropriates \$5.15 million from the general fund to New Mexico State University (NMSU) to create a healthy soil program in NMDA, which receives support and advice from the soil and water conservation commission (SWCC). The purpose of the program is to support land management that improves the health, yield and profitability of soils in the state.

In administering the healthy soils program, NMDA will work with soil and water conservation districts, establish a statewide network of champions to promote soil health stewardship, create a program to provide ongoing trainings and facilitate workshops, collaborate with technical assistance providers and educate the public about the importance of soil health stewardship.

NMDA will also award grants to eligible entities to advance soil health principals, develop a user-friendly grant program application and reporting process, develop criteria for the award of grants, and ensure that grant funds are only used to advance soil health and soil health stewardship.

Further, NMDA will support local economic growth including the emerging market for food grown in New Mexico under management for healthy soils. To accomplish this, NMDA may convene an advisory group to advise and assist with the implementation of the new program.

FISCAL IMPLICATIONS

The appropriation of \$5.15 million contained in the bill to NMSU to create a health soil program is considered a recurring expense to the General Fund. That is because any unexpended balances remaining at the end of any fiscal year shall not revert to the general fund. Program implementation will require contributions of staff time by other state agencies serving as technical assistance providers including EMNRD and the State Land Office. The bill as written does not appear to include funding to cover costs incurred by state agencies other than NMDA. However, the bill allows public members of the advisory group to receive per diem and mileage.

NMDA anticipates two additional staff would be needed to get the program started and depending on initial outcomes, NMDA would evaluate the potential need for other staff. Along with the expenses for salary and benefits, there would be travel expenses to meet the statewide goals of the program. There would also be a need for publication of education and outreach materials. NMDA posits that it would use at least \$250 thousand to \$300 thousand per year to meet staffing needs and other expenses and would take nine months to a year to get the program up and running with funds implemented on-the-ground to meet the grant portion of the proposed healthy soils act.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 204 – Page 3

HB 204 duplicates SB 218

OTHER SUBSTANTIVE ISSUES

EMNRD administers the Natural Heritage Conservation Fund, the purpose of which is to fund conservation and agricultural easements and land restoration to protect the land and water available for forests and watersheds, natural areas, and agricultural production on working farms and ranches, among other purposes. EMNRD, in concert with the Natural Lands Protection Committee, is authorized to develop a grant program from the fund, for conservation projects, and to receive public or private funds to carry out the purposes of the Natural Heritage Conservation Act.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Resources that include trainings, workshops and grant opportunities to support farmers and ranchers improve the health, yield and profitability of their soils will not be funded by this bill.

AHO/sb/gb