

LFC Requester:

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment _____
Correction Substitute _____

Date 1/23/2024

Bill No: SB 93

Sponsor: Crystal Diamond Brantley
Short Title: Chile Harvesting Funds

Agency Name
and Code NMDA - 199
Number:
Person Writing Jeff Witte
Phone: 575-646-5063 Email Hrickner@nmda.nmsu.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	500.0		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 93 (SB 93) provides a total appropriation of \$500.0 (five hundred thousand dollars) from the general fund to the board of regents of New Mexico state university (NMSU), for the college of agriculture, consumer and environmental sciences (ACES) to research and develop chile harvesting solutions and to market and promote New Mexico chile. \$400.0 (four hundred thousand dollars) of the total appropriation is dedicated to NMSU ACES for the research and development of harvesting solutions to support the state's chile industry; and, \$100.0 (one hundred thousand dollars) is for NMSU ACES to collaborate with a statewide association to design and implement a marketing and promotional campaign for New Mexico grown chile. These funds are for expenditure in fiscal year 2025 and 2026. This is a non-recurring appropriation and any unexpended or unencumbered balances at the end of fiscal year 2026 are to revert to the general fund.

FISCAL IMPLICATIONS

None to the New Mexico department of agriculture (NMDA).

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Chile (*Capsicum annuum*) is a representative crop of New Mexico and drives tourism and other revenue-generating activities for the state. Supporting chile marketing and promotion creates an opportunity to support an important crop and symbol of New Mexico agriculture.

Chile is an integral part of New Mexico's agricultural economy. According to the 2022 New Mexico agriculture statistics bulletin, chile production in 2022 totaled 53,300 tons, up 4 percent from 2021. At 8,400 acres planted, the acreage was down from 2021. Growers harvested 8,200 acres, down 300 acres from a year prior. The average yield equaled 6.5 tons per acre, up 0.5 tons from the 6 tons per acre harvested in 2021. Ninety-one percent of the crop was sold for processing, while slightly less than 9 percent was sold as fresh market. Red chile harvested area,

at 4,640 acres, increased by 140 acres when compared with 2021. Green chile harvested area, at 3,560 acres, was down 440 acres from a year prior. At the state level, green variety yields increased in 2022, at 13.8 tons per acre, compared with 11.6 tons per acre last year. Red variety yields decreased from 1.0 to 0.9 tons per acre in 2022. The value of New Mexico chile production in 2022 was estimated at \$46.2 million, compared with \$44.9 million in 2021. Chile for processing was valued at \$41.8 million, while the fresh chile value was \$4.4 million. Green chile is sold fresh or processed for canned or frozen foods, while red chile is primarily dried and ground for use in dyes, spices, and sauces.

Most New Mexico chile is harvested by hand. Green chile is harvested approximately 120 days after planting and is often harvested again 4 to 5 weeks later. Red chile can be harvested about 165 days after planting. Labor challenges hamper producer ability to cultivate and harvest chile in a cost effective, timely manner. The development of new agricultural equipment, technologies, and plant cultivars ideal for mechanical harvest of green chile has been a priority of the New Mexico chile pepper industry. Harvest mechanization is thought to be the answer to the continuous farm labor shortage for harvesting and may also reduce production costs to remain competitive in a global marketplace. Mechanical chile harvest is more than just developing a machine to harvest the pepper, but also requires research and development of plant cultivars that will work with mechanical harvesting and de-stemming.

NMDA has a longstanding relationship with NMSU ACES, and its affiliate student agriculture organizations, including frequent collaborations on various marketing and development activities. NMDA remains committed to expanding value-added agriculture in local, state, national, and international markets. This appropriation would provide marketing and promotion funds to a statewide association through NMSU ACES, thus enhancing the combined ability to support and enhance New Mexico's chile industry within the state and beyond.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

NMDA administers the New Mexico Chile Advertising Act. This Act is a state statute that makes it unlawful to advertise, label, or sell chile peppers or products as New Mexico chile, unless the chile peppers or products were grown in New Mexico. "Chile pepper" is defined in the Act as "*the fruit from Capsicum annuum*." The most common types are red and green chile, Chimayo, Sandia,

jalapeño, Anaheim pepper, bell pepper, cayenne, paprika, serrano, banana, de Arbol, pepperoncini, poblano and sweet pepper.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 93 is not enacted, an appropriation of \$500.0 will not be made to NMSU ACES to fund research and development of new and improved pepper cultivars and production practices (adapted to local growing and climate conditions) or marketing and promotional activities.

Without the additional investment in mechanical harvesting equipment technology, the New Mexico chile growers will likely continue to be dependent on a limited pool of seasonal laborers for hand harvesting.

According to data collected by the United States Department of Agriculture, National Statistics Service, the New Mexico chile industry is in a steady state of decline with harvested acres decreasing by 49% over the past 20 years (2002 16,800 acres vs. 2022 8,200 acres), and output decreasing by 55% (2002 96,200 tons vs. 2022 53,300 tons).

AMENDMENTS

N/A