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## FISCAL IMPACT REPORT

**SPONSOR** Little/Silva/Szczepanski **LAST UPDATED** 3/02/2025  
**ORIGINAL DATE** 2/19/2025  
**BILL** House Bill  
**SHORT TITLE** Commission on Reduction of Grocery Costs **NUMBER** 17/ec/aHAFC  
**ANALYST** Rodriguez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Commission	Up to \$20 thousand.	Up to \$20 thousand.	No fiscal impact	Up to \$40 thousand	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency Analysis Received From

New Mexico Department of Agriculture (NMDA)

Economic Development Department (EDD)

## SUMMARY

### Synopsis of HAFC Amendment to House Bill 17

The House Appropriations and Finance Committee amendment to House Bill 17 strikes the appropriation of \$400 thousand.

### Synopsis of Original House Bill 17

House Bill 17 (HB17) establishes the Commission on Reduction of Grocery Costs and requires it to study grocery prices and develop strategies to lower costs for consumers, particularly for essential household foods. The committee would report its findings by November 15, 2025. The bill appropriates \$400 thousand from the general fund to the Economic Development Department (EDD) for expenditure in FY25 and FY26 to support the work of the commission.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

## FISCAL IMPLICATIONS

HB17 contains no appropriation. The bill directs the commission to submit a report of its findings by November 15, 2025, and allows the commission to hire or contract staff to conduct interviews and synthesize information for the report. HB17 requires the commission to have nine

members and allows them to collect per diem. Based on the anticipated work for the commission and allowable per diem, the anticipated expected nonrecurring cost is up to \$40 thousand.

## SIGNIFICANT ISSUES

According to Feed America, approximately 321.4 thousand individuals in New Mexico face hunger. This number could continue to increase as grocery prices increase. U.S. grocery prices have experienced notable increases, with food prices surging in 2022 by almost 10 percent, marking the fastest annual increase since 1979. This trend continued into 2023 with an almost 6 percent rise, and in 2024, prices grew an additional 2.3 percent, indicating a deceleration, but still above historical average. As noted by the New Mexico Department of Agriculture (NMDA), overall, food-at-home prices increased 1.2 percent in 2024, while food-away-from-home prices rose by 4.1 percent. Overall, inflation creates a cycle of rising costs at every state of food production and distribution, leading to higher grocery bills for consumers.

NMDA highlights that cost of agricultural production, transportation, marketing, and value-added transformation impact grocery prices. Grocery prices are impacted by farmers' and ranchers' input costs, supply chain costs, droughts and extreme weather, regulatory policy, and the cost of water rights and irrigation. However, NMDA also notes that agricultural producers only receive a small amount of each food dollar. NMDA writes:

According to the USDA Economic Research Service Food Dollar Series, farm establishments received 15.9 cents per dollar spent on domestically produced food in 2023. This amount, known as the farm share, decreased by 0.1 cent from the 2022 share. The remaining 84.1 cents cover costs associated with processing, transportation, retail, and marketing within the food supply chain after products leave the farm or ranch.

**Food Initiatives.** According to the Department of Finance and Administration, the FY25 operating budget includes \$69.8 million for a variety of programs to build and improve the state's food system and reduce food insecurity. Examples of funding includes \$450 thousand for the healthy food financing initiative, \$5 million for the community food assistance program, and over \$40 million for healthy school meals.

## ADMINISTRATIVE IMPLICATIONS

HB17 allows the commission to hire or contract the necessary staff to assist the commission, such as conducting interviews and synthesizing information. The bill also allows the commission to request assistance from the Legislative Council Service and EDD. EDD notes that the agency would identify staff capacity or contractor to support the commission's work. However, HB17 contains no appropriation to the agency.

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