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## FISCAL IMPACT REPORT

SPONSOR: Luna DATE TYPED: 02/27/01 HB 821  
 SHORT TITLE: Amend Organic Commodity Act SB \_\_\_\_\_  
 ANALYST: Rael

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
See Narrative			Recurring	Organic Market Development Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB 777

### SOURCES OF INFORMATION

New Mexico Organic Commodity Commission (OCC)  
 Department of Agriculture (DOA)  
 Administrative Office of the Courts (AOC)

### SUMMARY

#### Synopsis of Bill

This bill amends the following sections of the Organic Commodity Act:

(1) "certifying agent" means the commission and any other person designated as a certifying agent by the United States department of agriculture; and (2) is designated as the "state organic program" pursuant to the United States department of agriculture's national organic program and, in that capacity, may; (a) regulate all aspects of the organic agriculture marketplace in New Mexico; (b) take all actions necessary to ensure that all agricultural products in New Mexico that are labeled or represented as "certified organic", "organic" or "made with organic ingredients" have been produced under a valid certification issued by a certifying agent; and (c) assume investigative and enforcement responsibilities relating to such labeled agricultural products, including products certified by a certifying agent other than the commission and labeled products not certified."

Any person who, except in accordance with the provisions of the Organic Commodity Act and rules adopted pursuant to that act, knowingly represents, labels or sells a product as "certified organic", "organic", "made with organic ingredients" or similar language intended to convey the impression that the product is organically produced is subject to a civil penalty of not more than five thousand dollars (\$5,000) for each violation. Any penalties collected pursuant to this subsection shall be deposited in the

organic market development fund. 123

Significant Issues

This bill is designed to strengthen and clarify the authority of the Organic Commodity Commission.

**FISCAL IMPLICATIONS**

The bill represents a potential increase in staff costs to the OCC. However, these increased costs have already been addressed through OCC's budget request.

The bill may result in increased revenue through the successful imposition of civil penalties. However, this amount is expected to be cover the cost of the increased expense of investigation and legal enforcement.

The AOC reports that it will cost the judicial system \$400 for statewide update, distribution, and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws or amendments to existing laws have the potential to increase caseloads and/or judge-time spent on cases in the courts, thus requiring additional resources to handle the increase.

**OTHER SUBSTANTIVE ISSUES**

Passage of this bill is viewed as very important for the OCC. The bill will establish clear legal standing to take action against businesses committing fraud through mislabeling.

FAR/njw:ar