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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Agriculture Conservation Programs SB 87

ANALYST Earp

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$250.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 173

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

Senate Bill 87, sponsored by Senator Papen on behalf of the interim Water and Natural Resources Committee, appropriates \$250,000 from the general fund to the Board of Regents of New Mexico State University to support the New Mexico Department of Agriculture's ability to match federal grants for conservation programs on agricultural land.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

The Higher Education Department (HED) reports that this project was not included in the NMSU Board of Regents-approved requests to HED. Consequently, it has not been included in their fiscal year 2007 funding recommendation.

ADMINISTRATIVE IMPLICATIONS

NMDA indicates that it would administer the program by developing policy, procedures and guidelines to support the proposed activities. Administrative costs are estimated to be at least five percent of the appropriated amount.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 173 and Senate Bill 87 are duplicate measures.

OTHER SUBSTANTIVE ISSUES

NMDA indicates that this legislation would enable small agricultural producers, including tribal members, to take advantage of conservation grants by providing the required matching funds that would normally be beyond their means.

NMDA suggests that it would be preferable to establish a pilot program of from three to five years duration to assess the participation and success of the program.

POSSIBLE QUESTIONS

Are federal matching funds available for this purpose?

DE/mt