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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/07

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE NMSU Food Processing & Testing Center SB 108

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$600.0	Nonrecurring	General Fund
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$1,000.0	\$1,000.0	Recurring	

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
 New Mexico Higher Education Department (HED)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

Senate Bill 108 appropriates \$1.1 million from the general fund to the Board of Regents of New Mexico State University to establish and operate a food products processing and testing center.

FISCAL IMPLICATIONS

The appropriation of \$1.1 million contained in this bill (\$500.0 recurring - \$600.0 nonrecurring) expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

According to NMDA & HED recurring funding would be used to provide salary and related fringe benefits for scientific staff and support staff and to provide operating funds to support the function. Nonrecurring funding would include equipping a laboratory with state of the art testing equipment.

SIGNIFICANT ISSUES

The appropriation in SB 108 would create a cross-campus food products development and testing laboratory at NMSU. This would be a joint initiative by NMDA and NMSU College of Agriculture and Home Economics (CAHE). According to the university, this lab would meet industry demands, generate highly skilled graduates needed by industry and government, identify new research opportunities, and possibly generate revenues to support program development.

According to NMDA, livestock, crop, and horse racing industries account for over \$2.6 billion in cash receipts. Each industry is required to conduct various laboratory testing and currently much of the testing is being conducted out of state. With the appropriation from SB 108 an in-state laboratory would be available for use. This facility would also have the ability to provide services to the agricultural processing and agri-business community in areas of chile and onion process, nutrition and dietary analysis for pecan and pistachio products, and multidisciplinary research with application to commercial kitchens. Furthermore, NMSU states a new center will improve food safety and security by protecting food production and processing practices, and quality assurance.

PERFORMANCE IMPLICATIONS

According to NMSU, benefits of the proposed facility include:

- Building a strong and more industry responsive university
- Channeling testing revenues back into the State
- Bolstering economic development through creation of high paying jobs and attraction of new income into the state
- Providing experiences for students in quality control and bio security testing, thus providing them with a competitive advantage in the job market.
- Identifying research topics to which NMSU scientists may apply expertise