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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/9/17  
 LAST UPDATED 3/10/17

SPONSOR SCONC HB \_\_\_\_\_

SHORT TITLE Beef Council Assessment Opt-Out SB 378/SCONCS/aSCORC

ANALYST Armstrong

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
	\$53.0 - \$106.0	\$53.0 - \$106.0	Recurring	Other State Funds

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates HB459/HAWCS

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

NM Livestock Board (NMLB)

NM Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendments address NMLB's concern (see Significant Issues) by removing references to brands in Subsection B on pages 2 and 3. The amendments also clean up the added language in Subsection A on page 2.

#### Synopsis of Bill

The Senate Conservation Committee (SCONC) Substitute for Senate Bill 378 (SB378) mandates the collection of the NM Beef Council assessment levied upon all cattle involved in a transfer of ownership at the same time and manner as the federal domestic assessment imposed pursuant to the Beef Promotion and Research Act of 1985. However, SB378 would allow producers to opt out of the council assessment levied upon all cattle involved in a transfer of ownership through a written application process. The opt-out application will be sent to producers, and upon receipt of a completed application the board shall record the request in the board database in order to stop collection of the council assessment. A completed opt-out request would be effective for three years unless the producer revokes the request through the council.

## **FISCAL IMPLICATIONS**

SB378 changes the council's rate of reimbursement to the Livestock Board for the necessary administrative expenses of collecting council assessments from 4 cents per head to 4 cents per dollar collected. The bill would also mandate the fee collected from the federal domestic assessment imposed pursuant to the Beef Promotion and Research Act of 1985, which could double the revenues received from reimbursed expenses if no producer chooses to opt out of the council assessment. The board reports the average annual revenue (based on FY15 and FY16 data) received from these reimbursed expenses is \$53 thousand.

## **SIGNIFICANT ISSUES**

According to NMLB, the board's database records are organized by brands and brand owners, not producers. As the bill is currently written, this presents a challenge when a producer elects to opt-out of the council assessment.

## **DUPLICATION**

The House Agriculture and Water Resources Committee Substitute for House Bill 459 duplicates the SCONC Substitute for SB378.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

According to NMDA:

If SB378 is not enacted, the New Mexico beef council cannot collect the state assessment and will be limited to the current federal assessment of one dollar (\$1.00) per head upon all cattle involved in a transfer of ownership. The one dollar (\$1.00) assessment has remained unchanged since the Beef Promotion and Research Act of 1985 was enacted; therefore, their buying power has diminished over time (the original dollar is worth 44 cents in purchasing power today), which has caused them to eliminate, or scale down significantly, critical programs and functions.

JA/jle/al