

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)).

## FISCAL IMPACT REPORT

SPONSOR Chatfield/Armstrong/ ORIGINAL DATE 2/1/2022  
Small/Dow/Sweetser LAST UPDATED \_\_\_\_\_ HB 66  
 SHORT TITLE Meat Inspections SB \_\_\_\_\_  
 ANALYST Leger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$1,713.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$500.0	\$1,000.0	\$1,700.0	\$3,200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, includes \$964.9 for the meat inspection program of the New Mexico livestock board.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Livestock Board (NMLB)

### SUMMARY

#### Synopsis of Bill

House Bill 66 appropriates \$1,713,000 from the general fund to the New Mexico Livestock Board for the purpose of initiating and maintaining a system of meat inspections of meat for human consumption.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

## FISCAL IMPLICATIONS

The appropriation of \$1,713,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY23 shall revert to the general fund.

NMLB reports the following:

If recurring funding is established to fund a Meat and Poultry Inspection (MPI) program in the State of New Mexico during the 2022 Legislative Session, the agency that will incur the following estimated operating costs to administer the program in FY2023 and FY2024: *(Note: The NMLB has received a Special Appropriations in the amount of \$500,000.00 for FY21 & FY22 to cover expenses.)*

**FY2022** – NMLB will incur approximately **\$500,000** in expenses to establish and launch the Meat Inspection program.

**FY2023** – Based on NMLB’s budget request, the LFC has recommended **\$964,900** to be included in the agencies operating budget, to grow and operate the MPI program with 9 FTE’s.

**FY2024** – NMLB will request approximately **\$1,712,737** to operate the fully staffed MPI program.

## SIGNIFICANT ISSUES

NMLB requested reoccurring funds as part of the agency’s annual operating budget to conduct the Meat and Poultry Inspection (MPI) program. Nonrecurring funding limits the agency to establish only term positions through the State Personnel Office. Recurring funding will allow the agency to establish permanent positions, lease office space, and cover costs associated with the set up and operations of the MPI.

The USDA Food Safety Inspection Service (FSIS) requires the state to obtain recurring funds to enter into a MPI Agreement. The agreement allows for inspections at meat and poultry processing plants.

## ADMINISTRATIVE IMPLICATIONS

NMLB reports, in the early stages of rolling out the MPI program, NMLB will need to enact a new body of regulations to conform to federal law and any particular regulations germane to the State of New Mexico. NMLB may need to petition the Legislature to pass additional legislation to secure the success of the program (e.g., federal match funding).

## OTHER SUBSTANTIVE ISSUES

According to NMLB, the Covid-19 pandemic has demonstrated that current production of meat and poultry products is not meeting consumer needs. This situation has resulted in the retail sale of meat which has not been inspected for defects and disease, thus creating possible health risks to consumers and possible theft risks to the industry by loss of livestock.

**House Bill 66 – Page 3**

The USDA FSIS is limited on the number of inspectors they can place in any state. By establishing an in-state MPI program the State of New Mexico can promote growth in the meat and poultry industry by creating positions for enough inspectors to provide services at all of the meat and poultry processing plants across the state.

JL/rl