

**LFC Requester:**

**Connor Jorgensen**

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

***(Analysis must be uploaded as a PDF)***

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date** 1/29/25 *Check all that apply:*  
**Prepared:** \_\_\_\_\_  
**Bill** HB 150 Original  Correct  
**Number:** \_\_\_\_\_ ion \_\_\_\_\_  
 Amend \_\_\_\_\_ Substit  
 ment \_\_\_\_\_ ute \_\_\_\_\_

**Spons** \_\_\_\_\_ **Agency**  
**or:** Chatfield **Name and**  
**Code**  
**Number:** NMDA - 199  
**Person Writing**  
**Analysis:** Jeff Witte  
 \_\_\_\_\_  
**Short** State Meat Processor **575-294-3817** **Email:** [Jheitz@nmda.nm](mailto:Jheitz@nmda.nm)  
**Title:** Assistance Grants **il:** [su.edu](mailto:Jheitz@nmda.nm)

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$3,000.0	Nonrecurring	General

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

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

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with: House Bill 141 (HB141) General Appropriations Act of 2025 (Item 72)  
duplicates/conflicts with House Bill 150

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

House Bill 150 (HB150) appropriates three million dollars (\$3,000.0) from the general fund in fiscal year 2026 through 2029 to the board of regents of New Mexico state university for the New Mexico department of agriculture (NMDA). These funds will be used for a grant program to assist state meat processors in their efforts to adapt to facing economic, technological and regulatory challenges and overcome inefficiencies.

**FISCAL IMPLICATIONS**

None to the NMDA. Existing operational resources shall be reallocated to effectively fund the design and deployment of a state meat processing grant program.

**SIGNIFICANT ISSUES**

State meat processors contribute to our state’s underserved economy, a resilient food supply chain, and help agricultural producers access more and better markets. Their services are vital to keeping our local food value chain safe and sustainable. According to the 2023 New Mexico Agricultural Statistics Bulletin, New Mexico (NM) crop and livestock product sales in 2023 totaled \$3.99 billion, of which \$3.09 billion is attributed to livestock products. The number one cash commodity for the state was cattle and calves, followed by milk. In 2024, cattle and calves totaled 1.3 million head and were valued at \$1.86 billion.

According to the United States department of agriculture (USDA) food safety and inspection service, there are eight (8) livestock slaughter facilities currently under a federal grant of inspection, allowing for public sale and consumption. NMDA is aware of an additional twenty-three (23) facilities operating within the state as custom exempt livestock slaughter operations. A custom-exempt operation can only slaughter and process livestock for the exclusive use of livestock owner(s). This product cannot be sold to the public and is for immediate consumption. All slaughter and processing operations within the state are considered small by USDA standards.

As the New Mexico livestock board has obtained statutory authority for a state-level meat and poultry inspection program, it will be necessary for state meat processors to increase the efficiency of our value-added meat industries and improve food safety measures. State grocery retailers, foodservice distributors and institutional buyers are eager to see more local buying opportunities for local meat. Small to mid-size producers across the state have expressed interest in selling direct

for public consumption. With this, state meat processors may need to invest in operational improvements and upgrades (equipment and infrastructure) to meet or exceed state-level inspection program requirements.

A realistic challenge exists for small meat processing plants to get to a scale large enough to compete. Small plants can service a local market and/or region. However, the largest meatpacking plants, plants that process millions of animals each year and are owned by corporations, pack a majority of meat that ends up in grocery store aisles and restaurants across the country. Only twelve federally inspected plants across the nation produced almost half of the country's beef supply in 2022 (Investigate Midwest's analysis of USDA data). Due to size and scale, the largest meatpacking companies can keep their expenses low, leading to higher profits. Those same economic realities do not apply to small meat processors.

Live slaughter steers were selling at an average of \$203 per hundredweight on Jan. 9, 2025, according to USDA data. The agency estimated last week that prices for 2025 will average \$195.50 per hundredweight, which would be a 4% increase over 2024.

State meat processors struggle with various challenges including environmental safety regulations, labor issues, cold chain, sourcing specialized equipment, expanding necessary infrastructure and byproduct waste removal. These challenges are certain constraints facing state meat processors to effectively access key market segments (retail, food service, institutional).

State meat processors are faced with the inability to recruit and retain qualified skilled and unskilled labor. This is the number one constraint facing rural communities and industries today. This investment will help support development of technologies and mechanization, helping processors recruit and maintain a well-trained workforce with good-paying, quality jobs. Additionally, labor challenges can be improved by working closely with partner agencies, organizations and educational institutions with expertise in workforce education, development and training.

Last year, the sole animal waste (offal, hides, blood, bones) disposal company servicing the New Mexico region ceased operations, leaving many state meat processors with limited options on processing byproduct disposal. With this development, state meat processors are now forced to transport byproduct to approved waste disposal sites that will accept this material or invest in construction of on-site composting infrastructure. State meat processors must now invest in additional time and labor capacity, as well as equipment, including containers, trucks, trailers, loaders, and haul this waste to dumpsites. State meat processors must also address significant costs to begin and maintain on-site composting operations, including license fees, specialized equipment, and wastewater resources.

State meat processors face regulatory barriers, in their efforts to expand operations and improve efficiencies and scale; this includes complying with building codes and obtaining necessary permits to comply with Environmental Protection Agency wastewater discharge requirements. To achieve regulatory requirements, state meat processors must invest in the installation of costly wastewater disposal infrastructure.

Meat processing is a relatively complex and technical sector that requires strict adherence to a host of environmental, food safety and worker safety requirements, including, but not limited to: hazard analysis and critical control points, sanitation standard operating procedures, and good agricultural

practices. Creating new business models that support both NM workers and producers is similarly complex and time intensive. At the same time, NM processors need access to new and emerging innovative practices and technologies.

This investment in technical assistance and research and development helps NM agribusinesses, entrepreneurs, producers, and other groups such as cooperatives and worker associations to create new capacity or expand existing capacity.

## **PERFORMANCE IMPLICATIONS**

HB 150 would help improve performance of state food and hunger programs (i.e. New Mexico Grown)

## **ADMINISTRATIVE IMPLICATIONS**

None to the NMDA. Existing operational resources would be allocated to effectively administer a state meat processing grant program.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 150 appropriates \$3,000.0 in funding for a state meat processing grant to the New Mexico state university board of regents for the New Mexico department of agriculture. HB 141 appropriates \$3,000.0 to the New Mexico livestock board.

## **TECHNICAL ISSUES**

N/A

## **OTHER SUBSTANTIVE ISSUES**

N/A

## **ALTERNATIVES**

N/A

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

Funding for a state grant program will not be available to help state meat processors adapt to emerging technologies, changing market dynamics, or ease regulatory burdens and overcome inefficiencies in the state's local meat value chain.

## **AMENDMENTS**

N/A