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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 1/30/25

SPONSOR Woods/Muñoz/Chatfield

BILL
NUMBER Senate Bill 101

SHORT TITLE Increase Certain Livestock Fees

ANALYST Graeser

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	(1,565.0)	Recurring	General Fund

Parentheses () indicate expenditure decreases.

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
All Proposed Fees		\$1,565.0	\$1,565.0	\$1,565.0	\$1,565.0	Recurring	Other State Funds

Parentheses () indicate revenue decreases.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact	No fiscal impact	No fiscal impact	Recurring	General Fund

Parentheses () indicate expenditure decreases.

Sources of Information

LFC Files

New Mexico Department of Agriculture Annual Agricultural Census

Agency Analysis Received From

New Mexico Department of Agriculture (NMDA)

New Mexico Livestock Board (NMLB)

SUMMARY

Synopsis of Senate Bill 101

Senate Bill 101 (SB101) proposes to increase the maximum fees for many of the services performed by the New Mexico Livestock Board (NMLB). The actual fees are determined by action of the Livestock Board and published in the New Mexico Administrative Code (§ 21.32.10.8.). According to NMLB, these fee maximums have not been increased since 2004. A detailed list of the proposed increases is included in “Significant Issues,” along with rationale for

the increases.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

According to the Livestock Board, the purpose of these increases in fees is to reduce the dependence of the agency on general fund revenues. Currently, about 50 percent of the annual budget is derived from fees and the remainder from the general fund.

Revenue Sources for the Livestock Inspection Program (in thousands)

	FY25 Budgeted	FY26 LFC rec
General Fund	\$4,005.7	\$4,334.9
Fees	\$5,080.2	\$5,080.2
Fund Balance	\$613.4	\$613.4
Total Sources	\$9,699.3	\$10,028.5

The \$5 million in fees shown consist of \$1.7 million in special levies on livestock, \$1.4 million from inspection fees, \$984.4 thousand in brand inspection fees, and about \$996 thousand in other fees. New Mexico Department of Agriculture (NMDA) expects these increases in fees could generate as much as \$1.565 annually.

Expected Changes in Revenues Due to Fee Increases

Fee Category	Actions	Increase	Revenue (1,000s)
Livestock Inspections	\$2,500,000	\$0.10	\$250.0
Livestock Inspections, Service Charge	\$50,000	\$10.00	\$500.0
Annual Brand Holding Fee	\$25,000	\$25.00	\$208.3
Other Fee Increases			\$606.7
Total			\$1,565.0

The major purpose of this increase in maximum fees is to reduce the need for general fund revenue. This could reduce the general fund appropriation from 43 percent of the recommended budget to 27 percent.

SIGNIFICANT ISSUES

The livestock board argues the bill would give it the flexibility to raise brand and inspection fees as needed to increase revenues to help cover agency operating expenses.

Although this bill raises the “not-to-exceed” limits on brand and inspection fees NMLB may collect, the actual amounts are set in Rule by the Board through the official Rule Making process, which includes public comment. All incremental increases must be approved by a quorum vote of the Board.

It is important to note the following items:

- 1) The proposed “not-to-exceed” fees are to be slowly implemented over a 20-to-30-year plan and will not be fully adopted immediately.
- 2) New Mexico State Statue mandates that livestock inspection fees may not increase more than 10 cents in a fiscal year. Sheep and goat inspection fees may not increase more than 4 cents in a fiscal year.
- 3) With the addition of subsection “O,” livestock that are on seasonal grazing allotments will pay 50 percent of the inspection fee for biannual movement.

4) Registered brand renewal fees are collected once every three, six, or 12 years and prorated, over the applicable period, and applied into the board's operating revenue.

NMLB canvassed the state by attending meetings with the livestock industry and received support and opposition. The majority of the industry indicated that an increased inspection fee and service charge would be acceptable if the funds continue to be focused on theft prevention and health of livestock.

PERFORMANCE IMPLICATIONS

This increase in maximum fees may affect NMLB's performance measures indirectly because board flexibility will increase. The board will be able to increase fees to respond to issues like avian flu or similar herd- or flock health issues.

LG/hj/hg/sgs