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FISCAL IMPACT REPORT

ORIGINAL DATE 01/21/16
SPONSOR Woods **LAST UPDATED** _____ **HB** _____

SHORT TITLE Opt Out of Livestock Code Council Assessments **SB** 65

ANALYST Liu

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	\$44.5 - \$89.0	\$44.5 - \$89.0	Recurring	Other State Funds

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

NM Livestock Board

SUMMARY

Synopsis of Bill

Senate Bill 65 would mandate 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, SB 65 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

SB 65 would change 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 FY 13 and FY 14 data) received from these reimbursed expenses is \$44.5 thousand.

TECHNICAL ISSUES

According to the Livestock Board, 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.

The Livestock Board recommends changing the bill to allow producers to opt out of the federal domestic assessment imposed pursuant to the Beef Promotion and Research Act of 1985 rather than the council assessment.

AMENDMENTS

The Livestock Board provided a number of amendment recommendations such as:

- Inserting “for each duly registered New Mexico livestock brand” after “assessment” on page 2, line 15;
- Inserting “brand” after “board” on page 3, line 1;
- Inserting “for the given brand” after “assessment” on page 3, line 2; and
- Inserting “by the council” after “mailed” on page 3, line 6.

SL/jle