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## FISCAL IMPACT REPORT

SPONSOR Lente/Armstrong, G. ORIGINAL DATE 02/02/19  
 LAST UPDATED \_\_\_\_\_ HB 254

SHORT TITLE Increase Certain Livestock Fees SB \_\_\_\_\_

ANALYST Hanika-Ortiz

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	\$0-\$230.0	\$0-\$23.0	Recurring	NMLB
	(\$0-\$230.0)	(\$0-\$23.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Livestock Board (NMLB)

### SUMMARY

#### Synopsis of Bill

House Bill 254 (HB 254) gives the NMLB the flexibility to raise fees as needed to increase revenues to cover increased law enforcement services and other operating expenses.

### FISCAL IMPLICATIONS

NMLB reported at an average of 2.3 million head inspected per year over the last 5 years, an increase of \$.10 per head would result in \$230 thousand in additional fees collected each year. At an average of 50,000 inspections per year, an increase in the service charge for performing an inspection from \$10 to \$20 would result in \$500 thousand in additional fees and with 25,000 brands, an increase in the brand fee from \$100 to \$125 would result in \$625 thousand in additional fees collected each year. It should be noted, passage of this bill would result in a reduction of agency need for general fund in the amount of fees raised.

NMLB's FY20 appropriation request reflected an \$896 thousand increase from the general fund over the FY19 operating budget to cover increased operating expenses, reduce vacancies and add law enforcement positions. About ninety percent of NMLB's operating revenue is from a

property tax on livestock value, inspection fees, and brand recording fees. Between FY13 and FY18, annual revenue ranged from \$4.8 million to \$5.4 million. The volatility is because ranchers make decisions to reduce or expand herds based on drought projections and national market conditions.

NMLB noted fees are generally collected once every three years and utilized over this period for a portion of the board's operating expenses. For FY20, NMLB proposed using \$1.1 million from fund balance which would leave a FY20 fiscal-year-end projected fund balance of \$1.7 million.

### **SIGNIFICANT ISSUES**

NMLB further reported that the industry has indicated that an increased inspection fee and service charge would be acceptable if the funds were focused on theft prevention.

### **OTHER SUBSTANTIVE ISSUES**

The U.S. Department of Agriculture's assessment indicates New Mexico's total inventory of cattle and calves increased by 80 thousand, or 6 percent, between January 2017 and January 2018.

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

Not-to-exceed amounts imposed by the NMLB would not be increased.

AHO/sb/al