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## FISCAL IMPACT REPORT

SPONSOR Small ORIGINAL DATE 02/15/21  
LAST UPDATED \_\_\_\_\_ HB 246  
SHORT TITLE Dept. Of AG Ensures Meat Safety SB \_\_\_\_\_  
ANALYST Valenzuela

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

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$1,600.0	\$1,600.0	\$1,600.0	\$4,800.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: House Bill 33 (HB33), House Memorial 1 (HM1), House Bill 207 (HB207) Food, Hunger and Farm Act, Senate Bill 118 (SB118) Food Accessibility Act, House Bill 121 (HB121) Meat Processing and Marketing Program

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

House Bill 246 (HB246) allows the New Mexico State University Board of Regents to authorize the New Mexico Department of Agriculture (NMDA) to promulgate rules for meat inspection. The purpose would be to ensure meat is quality and safe for human consumption.

The effective date of this bill is July 1, 2021.

### FISCAL IMPLICATIONS

HB246 does not contain an appropriation.

Enactment of the bill could have a fiscal impact on the state. The federal government, through the U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS), holds primacy on meat inspection rules and regulations throughout the country. Meat inspection programs operated by state entities must be at least equal to the federal USDA requirements and must be approved by USDA. If approved by USDA, the state would bear the cost of a state meat inspection program at the NMDA.

A recent study completed by the NMDA reported an annual cost of \$1.6 million to operate a state meat inspection program.

## **SIGNIFICANT ISSUES**

Overview of Meat Inspection. Through the U.S. Department of Agriculture’s (USDA) Food Safety and Inspection Service (FSIS), the federal government maintains primacy over meat inspection throughout the country. In several cases, USDA has certified states to manage their own meat inspection programs, and in some cases, provide partial funding support to those states. Across the country, 27 states manage their own meat inspection programs. State-managed meat inspection programs are required to be at least equal to federal inspection programs, however, the meat processors inspected by states may only sell their products within their state boundaries unless an appropriate interstate agreement is in place. According to USDA, 99 percent of processed animal products are inspected under a federal meat inspection program to allow the processors access to national markets.

Meat Inspection in New Mexico. Through the state’s Livestock Board, New Mexico managed its own meat inspection program until 2007 when the USDA revoked its authority. After working with the state for two years, USDA decertified the state program, a result of continual compliance and performance issues. At that point, USDA returned New Mexico to a federally inspected program, ensuring New Mexico meat processors have access to New Mexico and national markets.

Desire to Reestablish State-Managed Meat Inspection Program. A small number of “custom-exempt” meat processors expressed interest in a state program believing it would allow access to local retail markets. The type of inspection, however, is not a constraint to local retail markets; designation as a “custom-exempt” processor is the limitation. Custom-exempt meat processors are prohibited from selling meat product to retail customers, whether inspected by a state or a federal program.

NMDA recommends reestablishing the state meat inspection program to develop meat packing and processing capacity and infrastructure in New Mexico.

The LFC recommendation includes a \$150 thousand special appropriation to the NMDA to develop a meatpacking cooperative.

MFV/al/sb