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FISCAL IMPACT REPORT

SPONSOR Armstrong/Chatfield/Jaramillo/Madrid/ Ezzell **LAST UPDATED** 03/07/23
ORIGINAL DATE 01/30/23
SHORT TITLE Meat Inspection Act **BILL NUMBER** House Bill 205
ANALYST Sanchez

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
No Fiscal Impact	\$522.8	\$522.8	Recurring	NMLB Operating Budget

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate but minimal	376.6	343.3	719.9	Recurring	NMED Operating Budget
Total		376.6	343.3	719.9	Recurring	

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

New Mexico Livestock Board (NMLB)
 Department of Environment (NMED)
 New Mexico Department of Agriculture (NMDA)

No Response Received

Department of Health (DOH)

SUMMARY

Synopsis of House Bill 205

House Bill 205 enacts the Meat Inspection Act and provides the New Mexico Livestock Board (NMLB) with the statutory authority necessary to ensure the safety and quality of meat and poultry produced for human consumption within the state. House Bill 205 creates the Office of

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Meat and Poultry Inspection Director and establishes requirements for the NMLB to conduct inspections and provide inspection stamps and establishment numbers for approved establishments.

House Bill 205 directs the NMLB to request advice and consultation from the Department of Health (DOH), Department of Environment (NMED), and state laboratories on matters relating to the potability of water, sewerage systems, and other sanitary conditions of slaughtering and meat processing establishments that might endanger public health. The bill further requires NMLB to advise DOH and NMED when an establishment is found to be out of compliance and provides authority for either agency to dispatch their own inspectors in response.

House Bill 205 establishes penalties for noncompliance and outlines the process for suspending or revoking licensure, as well as the process for hearings and appeals.

The effective date of this bill is July 1st, 2023.

FISCAL IMPLICATIONS

The New Mexico Livestock Board (NMLB) received appropriations in FY22 and FY23 to begin the process of developing a state meat and poultry inspection program. In September 2023, the agency hired a director and began working with the US Department of Agriculture's Food Safety Inspection Service (FSIS) on the application process. Anticipating the need for further statutory authority, the agency requested funding for this program in its FY24 operating budget.

The analysis provided by NMLB points out that New Mexico will be eligible to receive reimbursement for up to 50 percent of program costs, which it projects would mean additional revenue of \$522.8 thousand in FY24 and FY25 associated with the meat and poultry inspection program once it has been certified by FSIS.

The Environment Department's analysis concluded that the expanded oversight responsibilities included in this bill lacked adequate funding. The agency's analysis expressed concerns about the potential impact to its current workforce, stating:

NMED would require 3.5 FTE in inspector and attorney roles to provide the required support to NMLB, perform inspections, and respond to cases requiring investigation and enforcement, and administrative support for those FTE. NMED estimates that expense at \$376,600 in FY24. Once authority is established by NMLB and the agencies address jurisdictional questions, projected to happen by the end of FY24, this would decline to 3.25 FTE in FY25 and subsequent years, with an estimated expense of \$343,300.

Without an analysis from the NM Department of Health (DOH), this analysis remains incomplete. If there are similar programmatic costs, the agency would need to advise the Legislature.

SIGNIFICANT ISSUES

The federal government maintains preemption over all meat and poultry inspections nationwide. However, the federal government has granted the US Department of Agriculture's Food Safety

Inspection Service (FSIS) authority to grant states the ability to create their own program. The requirements of a state-led meat and poultry inspection program are that it must be as rigorous as the federal program and must be certified by the FSIS.

Before the certification can take place and the hiring of compliance officers, enforcement, investigation, analysis officers, training officer, public health veterinarians, and inspectors can commence, the agency must have adequate statutory authority to perform these inspections.

According to NMDA's analysis,

Statutory authority for a state-level meat and poultry inspection program would help ensure access to inspection personnel who are geographically located throughout the state and can inspect livestock animals processed in-state in a timely fashion to increase the efficiency of our value-added meat industry 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.

The Environment Department expressed concerns about overlapping permitting and inspection authority, stating:

Section 14 requires NMLB to consult with NMED to ensure regulatory requirements are met by facilities in regard to matters relating to potability of water, sewer systems, and other sanitary conditions. NMLB can trigger NMED inspections if unsafe conditions are suspected. HB205 does not provide funding for NMED to train NMLB inspectors on water potability or sewerage system issues for NMED permitted or unpermitted facilities.

Section 15 allows NMLB to suspend or revoke approval to operate from establishments that are in noncompliance with NMED minimum requirements for sanitary conditions of slaughtering and meat processing establishments. NMED's current food rule, 7.6.2 NMAC, is designed to address the hazards found in restaurants and manufactured food facilities and may not address hazards that are specific to meat and poultry processing facilities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 205 may cause an overlap with some duties between NMLB and NMED, which currently permits and inspects any food manufacturing facility that produces food products containing meat.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico will not be eligible for an approved Meat and Poultry Inspection Program, nor will it receive reimbursement for programmatic costs related to this program.

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