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FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/21

SPONSOR Herrera LAST UPDATED _____ HM 1

SHORT TITLE Study Regional Livestock Slaughter Units SB _____

ANALYST Valenzuela

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	No fiscal impact					

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

2019 Mobile Matanza Analysis and Recommendation, Prepared by the Thornburg Foundation for the Taos County Economic Development Corporation.

Responses Received From

New Mexico Department of Agriculture (NMDA)

New Mexico Livestock Board (NMLB)

SUMMARY

Synopsis of Bill

House Memorial 1 (HM1) requests NMDA to conduct an economic analysis of regional mobile livestock slaughter units, called mobile Matanzas. The final report should be submitted to interim legislative committees concerned with economic and rural development.

FISCAL IMPLICATIONS

HM1 does not contain an appropriation.

SIGNIFICANT ISSUES

The value chain for retail or wholesale meat – from livestock producers to meat processors to retail markets – is extensive throughout the country. It is incomplete in New Mexico, or offers minimal capacity in some areas, such as slaughterhouses or meat packaging facilities. The consequence, most livestock is sold to national distribution channels, generally located out-of-

state.

HM1's focus is on mobile Matanzas, mobile livestock slaughterhouses, which provide USDA-inspected meat processing services to small livestock producers within its region. Taos County received two appropriations from the Legislature to acquire and operate a mobile matanza in its county. The program is managed by the Taos County Economic Development Corporation.

A 2019 feasibility study of mobile slaughter facilities, prepared for the Thornburg Foundation, evaluated the profitability of the mobile matanza, stating the mobile units could make money operating at just 46 percent of its capacity. However, the TCEDC was not profitable because it operated at only 10 to 25 percent of its capacity, constrained by the TCEDC's insufficiently sized "cut and wrap" facility and available staff.

The study highlighted one of the choke points confronting northern New Mexico livestock producers as limited "cut and wrap" services within the area. Thornburg's study revealed the economics of delivering meat products to local retail markets could be overcome if cooperatives were formed in sufficient size to provide certainty to operators within the value chain. As an example, the northern New Mexico cattle ranchers produce 7,600 animals for meat processing, annually, the majority of whom are sent to southern Colorado meat processors. A facility in Moriarity, the study reports, has a waiting list several months long.

HM1 requests NMDA to complete an economic analysis of mobile Matanzas.

OTHER SUBSTANTIVE ISSUES

It is not clear from information provided by the NMDA if New Mexico is a net exporter or importer of meat products. The USDA 2017 Census of Agriculture shows New Mexico cattle sales at \$626 million, or 25 percent of total agriculture production within the state. Ranked 23rd in the country, New Mexico represents 1.5 percent of the national market. Texas, the largest producing state, represents 15 percent.

MFV/al