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FISCAL IMPACT REPORT

SPONSOR <u>HJC</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/7/2024</u>
SHORT TITLE <u>Meat Inspection Act</u>	BILL NUMBER <u>CS/House Bill 162/HJCS</u>
	ANALYST <u>Sanchez</u>

REVENUE* (dollars in thousands)

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
		\$522.8	At least \$522.8	At least \$522.8	At least \$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)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Environment Department	No fiscal impact	Up to \$96.8	Up to \$96.8	Up to \$193.6	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Conflicts with Senate Bill 51, Duplicates Senate Bill 37

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Livestock Board (NMLB)
 Department of Environment (NMED)
 New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of HJC Substitute for House Bill 162

The House Judiciary Committee substitute for House Bill 162 (HB162) 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. HB162 creates the Office of Meat and Poultry Inspection Director and establishes requirements for NMLB to conduct inspections and provide inspection stamps and establishment numbers for approved establishments. HB162 directs 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.

HB162 establishes penalties for noncompliance and outlines the process for suspending or revoking licensure and the process for hearings and appeals.

The effective date of this bill is July 1, 2024.

FISCAL IMPLICATIONS

NMLB has received appropriations since FY22 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 U.S. 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 FY25 and FY26 associated with the meat and poultry inspection program once it has been certified by FSIS.

NMED's analysis concluded the expanded oversight responsibilities included in this bill lacked adequate funding. The agency's analysis expressed concerns about the potential impact on its current workforce and explained the agency would require 1 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 \$161.4 thousand in FY25. Once NMLB and NMED establish authority to address jurisdictional questions, projected to happen by the end of FY25, this would decline to 1 FTE in FY26 and subsequent years, with an estimated expense of \$107.6 thousand.

SIGNIFICANT ISSUES

The federal government maintains preemption over all meat and poultry inspections nationwide. However, the federal government has granted the U.S. 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 FSIS.

The New Mexico Department of Agriculture (NMDA) analysis noted that a state-level meat and poultry inspection program would enhance local meat industries by ensuring timely inspection of livestock processed in-state, increasing efficiency and improving food safety. The agency stated a meat inspection program would support local economies by offering more local meat purchasing options to state grocery retailers and food service distributors and benefiting small to mid-size producers interested in direct sales for public consumption.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 162 conflicts with Senate Bill 51, which establishes a state meat inspection program through NMDA instead of the NMLB.

House Bill 162 duplicates Senate Bill 37.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

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

SS/sg/ne/ss/ne/al