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FISCAL IMPACT REPORT

ORIGINAL DATE 01/21/11
 LAST UPDATED 03/15/11 **HB** _____

SPONSOR Harden

SHORT TITLE Livestock Product Manufacturer Registration **SB** 58/aHTRC

ANALYST Hanika-Ortiz/Daly

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	\$120.0	\$150.0	Recurring	Livestock Board Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
 State Veterinarian for New Mexico
 New Mexico Livestock Board (Board)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee Amendment to Senate Bill 58 specifies that the director of the New Mexico Livestock Board shall devote the director's entire time to the commercial duties of the office. In addition, the amendment makes clear that the Board may adopt rules governing the importation, manufacture, sale, distribution or use within the state of sera, vaccine, biological, pharmaceuticals and other animal remedies that are specifically labeled for diagnostic or therapeutic uses with livestock.

Synopsis of Original Bill

Senate Bill 58 amends the powers of the New Mexico Livestock Board (Board) to require manufacturers of livestock serums, vaccines, biologicals, pharmaceuticals and other animal diagnostic or therapeutic remedies to annually register their products prior to importation, sale, distribution or use in New Mexico. The bill provides for a registration fee not to exceed one hundred twenty-five dollars per product registration.

FISCAL IMPLICATIONS

The LFC recommendation for FY12 notes that the key to the continued financial stability of the

Board is its ability to maintain or increase fees associated with its services. If appropriations from the General Fund are not available in future years, the agency will become critically dependent on collection of other revenue. This will require excellent service to the livestock industry and a balanced, fair fee structure.

The Board provides annual revenue estimates from product registration fees in the table above and based these estimates on revenue impact in other states. The Board believes this new revenue source will help transfer the cost of administering the statute to the manufacturer.

All fees and charges collected pursuant to the provisions of The Livestock Code (Chapter 77, Articles 2 to 18 NMSA 1978) are deposited in the New Mexico Livestock Board Fund. All fees and charges deposited in this fund may only be expended in accordance with an approved budget. No fund balance at the end of any fiscal year reverts to the General Fund.

SIGNIFICANT ISSUES

The primary responsibility of the Board is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous diseases of livestock. A change in statute governing the Board is being requested to modernize the language to meet current production and usage of serums, vaccines, biologicals and pharmaceuticals in the livestock industry and allow for a minimal fee to recover costs of administering the statute by the Board.

The state veterinarian reports that questionable livestock products are consistently found throughout the state. The state agencies governing these products are being asked to take on a larger role in monitoring those products that have the potential for adulterating livestock feeds and products such as meat, milk and fiber.

PERFORMANCE IMPLICATIONS

The state veterinarian further reports that illegal products have been seized by the U.S. Border Patrol destined for New Mexico. USDA and FDA have recently passed regulations governing the use of these products.

ADMINISTRATIVE IMPLICATIONS

The Board reports it does not anticipate a need to increase personnel as a result of these fees.

OTHER SUBSTANTIVE ISSUES

Existing NM statute allows the Board to “...promulgate rules governing the importation, manufacture, sale, distribution or use within the state of serums, vaccine and other biologicals intended for diagnostic or therapeutic uses with livestock...”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 58 is not enacted, the Board may not be able to charge product registration fees.

MD/mew:bym