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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/01/17

SPONSOR HAWC LAST UPDATED \_\_\_\_\_ HB 459/HAWCS

SHORT TITLE Beef Council Assessment Opt-Out SB \_\_\_\_\_

ANALYST Armstrong

### REVENUE (dollars in thousands)

| Estimated Revenue |                  |                  | Recurring<br>or<br>Nonrecurring | Fund<br>Affected     |
|-------------------|------------------|------------------|---------------------------------|----------------------|
| FY17              | FY18             | FY19             |                                 |                      |
|                   | \$53.0 - \$106.0 | \$53.0 - \$106.0 | Recurring                       | Other State<br>Funds |

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB378

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

NM Livestock Board (NMLB)

NM Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

The House Agriculture and Water Committee (HAWC) Substitute for House Bill 459 (HB459) mandates the collection of the NM Beef Council assessment levied upon all cattle involved in a transfer of ownership at the same time and manner as the federal domestic assessment imposed pursuant to the Beef Promotion and Research Act of 1985. However, HB459 would allow producers to opt out of the council assessment levied upon all cattle involved in a transfer of ownership through a written application process. The opt-out application will be sent to producers, and upon receipt of a completed application the board shall record the request in the board database in order to stop collection of the council assessment. A completed opt-out request would be effective for three years unless the producer revokes the request through the council.

### FISCAL IMPLICATIONS

HB459 changes the council's rate of reimbursement to the Livestock Board for the necessary administrative expenses of collecting council assessments from 4 cents per head to 4 cents per dollar collected. The bill would also mandate the fee collected from the federal domestic

assessment imposed pursuant to the Beef Promotion and Research Act of 1985, which could double the revenues received from reimbursed expenses if no producer chooses to opt out of the council assessment. The board reports the average annual revenue (based on FY15 and FY16 data) received from these reimbursed expenses is \$53 thousand.

### **SIGNIFICANT ISSUES**

According to NMLB, the board's database records are organized by brands and brand owners, not producers. As the bill is currently written, this presents a challenge when a producer elects to opt-out of the council assessment.

### **DUPLICATION**

Senate Bill 378 nearly duplicates HB459.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

According to NMDA:

If HB 459 is not enacted, the New Mexico beef council cannot collect the state assessment and will be limited to the current federal assessment of one dollar (\$1.00) per head upon all cattle involved in a transfer of ownership. The one dollar (\$1.00) assessment has remained unchanged since the Beef Promotion and Research Act of 1985 was enacted; therefore, their buying power has diminished over time (the original dollar is worth 44 cents in purchasing power today), which has caused them to eliminate, or scale down significantly, critical programs and functions.

JA/jle