

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION
Revision 1

March 27, 2023

TO: Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture, & Rural Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB691 by Kolkhorst (Relating to an animal share exemption for certain meat and meat food products; providing a civil penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB691, As Introduced : a positive impact of \$6,525,160 through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	\$0
2025	\$6,525,160
2026	\$6,525,160
2027	\$6,525,160
2028	\$6,525,160

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Food & Drug Registration 5024	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from Fed Health/ Lab Funding Excess Rev 273
2024	\$0	\$0	\$0	\$0
2025	\$6,525,160	\$1,216,162	\$5,669,730	(\$5,669,730)
2026	\$6,525,160	\$1,216,162	\$5,669,730	(\$5,669,730)
2027	\$6,525,160	\$1,216,162	\$5,669,730	(\$5,669,730)
2028	\$6,525,160	\$1,216,162	\$5,669,730	(\$5,669,730)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	0.0
2025	(140.0)
2026	(140.0)
2027	(140.0)
2028	(140.0)

Fiscal Analysis

The bill would exclude the requirements of inspection of livestock before slaughter and preparation of meat and meat food products if the slaughtered livestock is under an animal share. The meat and meat food products must be delivered to the establishment preparing products for the farmer or rancher boarding the livestock and delivered to the consumer who owns the animal share.

A consumer may not sell, donate, or commercially redistribute meat or meat food products delivered to consumer under the animal share agreement authorized by the bill and can be liable for a \$10,000 civil penalty for each violation. The Attorney General may recover reasonable expenses in obtaining the civil penalty.

Methodology

According to the Department of State Health Services (DSHS), it is assumed the bill would lead to the United States Department of Agriculture, Food and Safety Inspection Service (FSIS) taking over regulation of all meat and poultry slaughter and processing in the state for products amendable to the Federal Meat Inspection Act and Poultry Products Inspection Act. It is assumed this bill would prevent the state from meeting federal requirements, and the process of withdrawing from the cooperative agreement would take up to one year.

Beginning in fiscal year 2025, it is assumed the loss of three federal grants from FSIS would total \$5.7 million per year. The state would no longer need to provide matching funds for the grants which would result in cost savings to the state of \$6.5 million in General Revenue Funds and \$1.2 million in General Revenue-Dedicated Funds per fiscal year. These changes would result in the loss 140.0 FTEs.

After the FSIS takeover of all meat and poultry slaughter and processing in the state under products amenable to the Federal Meat Inspection Act and Poultry Products Inspection Act, it is assumed that 10 percent of current inspection program staff at DSHS would be needed to continue the Voluntary Inspection Program required by the Texas Meat and Poultry Inspection Act for exotic animal and domesticated game birds and would be continued to be funded from General Revenue.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of

LBB Staff: JMc, SZ, ER, APA, SD, NV