

PREPARED BY: Clinton Verner
 DATE PREPARED: January 11, 2021
 PHONE: 402-471-0056

LB 235

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	186,900		1,605,750	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	186,900		1,605,750	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 235 would implement a program of state meat inspections within the Nebraska Department of Agriculture that would qualify as a cooperative state inspection program under 21 U.S.C. 661 and 21 U.S.C. 454.

LB 235 would allow for the Department of Agriculture to hire a program administrator. LB 235 requires a report to be submitted on or before December 1, 2021 detailing the actions necessary to implement a cooperative state meat inspection program. The report must include the anticipated resources required and must recommend a fee schedule sufficient to fund the newly created program. LB 235 would create the Cooperative State Meat Inspection Cash Fund. It is the intent of LB 235 that the program be implemented on or before January 1, 2023.

A transfer from the General Fund will be required for initial administration and the mandated report. Per 21 U.S.C. 661 and 21 U.S.C. 454, the amount contributed to any state by the Secretary of Agriculture shall not exceed fifty per centum of the annual cost of the cooperative program. Funds for the initial report and administration would not qualify for matching funds.

A study on the creation of a cooperative state inspection program was undertaken in accordance with LB 305 (2011). The fiscal note submitted by the Department of Agriculture is in line with the report submitted in 2011. As such, we have no reason to dispute the agency's estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 235	AM:	AGENCY/POLT. SUB: Nebraska Department of Agriculture	
REVIEWED BY: Claire Oglesby	DATE: 1/28/21	PHONE: (402) 471-4174	
COMMENTS: Nebraska Department of Agriculture's statement and fiscal impact appears to be reasonable based on the assumptions provided.			

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2021

LB⁽¹⁾ 235

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Agriculture

Prepared by: ⁽³⁾ Patty Richard Date Prepared: ⁽⁴⁾ 1/27/2021 Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2021-22		FY 2022-23	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	186,900		1,605,750	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	186,900		1,605,750	

Explanation of Estimate:

Section 2 (1) states “that on or before January 1, 2023, the director shall implement a program of state inspection at establishments which process meat or meat products for human consumption that qualifies as a cooperative state inspection program under 21 U.S.C 661, and 21 U.S.C 454...”

A review of states with similar state meat inspection programs indicates that the department will need approximately 34 new FTE. 33 of the positions would be put into place for the last six months of the FY 2022-23. The FTE and expenditures identified represent a six-month period. It is anticipated that for FY 23-24, the annual budget would be over \$3 million. Qualifying for the cooperative interstate shipping program is an additional step once a state meat inspection program is in place requiring an additional FTE to manage the program.

The Program Administrator would be a Veterinarian. There is a historical issue with the hiring rate for this classification and we have had to offer above the Minimum Permanent Rate. That is reflected in our calculations for the five veterinarian positions included.

Section 2 (3) requires the director to provide a report to the Legislature by December 1, 2021 enumerating and describing implementation of a state meat inspection program. NDA has included a full-time program administrator beginning July 1, 2021. Additionally, operating expenses include contractual work to assist in creating the report.

The bill allows for creation of a fee system to assist in funding the program. A fee structure, if allowed by the USDA, would not be in place prior to inspections occurring and General Funds are identified as the funding source. If the USDA approved the State Inspection program, a portion of the inspection costs are reimbursed.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Administrator (1 FTE)	1.0	1.0	83,200	85,000
Administrative Assistant (1 FTE)		.50		16,800
Veterinarians (4 FTE)		2.0		169,750
Enforcement/Investigation Officer (1 FTE)		.50		23,250
Compliance Officer (2 FTE)		1.0		51,500
Inspectors (25 FTE)		12.5		522,500
Benefits.....			34,000	515,000
Operating.....			69,700	127,450
Travel.....				94,500
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			186,900	1,605,750