

PREPARED BY: Clinton Verner  
 DATE PREPARED: November 16, 2021  
 PHONE: 402-471-0056

# LB 235

Revision: 01

Updated for the 2022 Session.

## FISCAL NOTE

### LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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 General Fund appropriation is required for initial administration costs 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.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
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.			

Please complete ALL (5) blanks in the first three lines.

2021

LB<sup>(1)</sup> 235

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Agriculture

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

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

**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.

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**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

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**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.....				
<b>TOTAL.....</b>			<b>186,900</b>	<b>1,605,750</b>