

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4206 - 1**

80th Oregon Legislative Assembly – 2020 1st Special Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Authorizes State Department of Agriculture to adopt rules establishing program of state inspection for processing and sale of meat products from amenable species, including but not limited to cattle and sheep.

**Government Unit(s) Affected:**

Oregon Department of Agriculture (ODA)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2019-21 Biennium</b>	<b>2021-23 Biennium</b>
General Fund	\$237,648	\$890,585
Other Funds	115,000	
<b>Total Funds</b>	<b>\$352,648</b>	<b>\$890,585</b>
Positions	3	3
FTE	0.75	3.00

**Analysis:**

HB 4206 - 1 authorizes the Oregon Department of Agriculture (ODA) to adopt rules to establish a State Meat Inspection Program. This program would inspect processing and sales of certain “amenable” (defined by U.S. Code to include cattle and sheep) and “nonamenable” (to be defined by ODA rule) species, but excludes equines.

For ODA to administer and enforce an inspection program for “amenable” species, the program would have to first receive federal approval from the U.S. Department of Agriculture (USDA). For the administration and enforcement of an inspection program for “nonamenable” species, the program rules adopted must be as stringent as those put forth at the federal level.

Under this State Meat Inspection Program, ODA is required to inspect meat products, may license establishments operating under either program, and may establish license requirements and license fee schedules for establishments operating under either program.

The total costs of the State Meat Inspection Program cannot be determined until the program is approved by the USDA. This fiscal represents the initial phase of building the framework for a State Meat Inspection Program, which includes stakeholder outreach, rulemaking, and reaching agreement for a program framework with the USDA. ODA will submit a Policy Option Package in their 2021-23 Agency Request Budget which includes a request for resources related to operation of the State Meat Inspection Program.

Costs for this initial phase in 2019-21 are estimated to be \$237,648 General Fund and \$115,000 Other Funds. This includes development of an inspection program framework, rulemaking and training, and the establishment of three permanent full-time positions (each at 0.25 FTE for the current biennium). The three positions are a District

Veterinarian, tasked with livestock inspection; a Microbiologist 3 to develop and maintain testing programs for food safety and address other regulatory requirements; and a Natural Resources Specialist 4 to develop the state meat inspection program and provide technical assistance to facilities.

The Other Funds included in this 2019-21 estimate are derived from Food Safety license fee revenue and represent \$100,000 worth of existing staff time to attend USDA trainings. This figure also includes \$15,000 to provide for half of the anticipated outreach and rulemaking costs for this program. There is no additional Other Funds expenditure limitation required.

The roll-up costs in 2021-23 biennium are at least \$890,585 General Fund for the full-biennium costs of the three permanent positions. Additional operational costs will be submitted in a Policy Option Package as part of the ODA Agency Request Budget for the 2021-23 biennium.

This fiscal assumes that all positions are priced at Step 7, instead of Step 2, which is the normal entry-level Step for state positions. ODA notes that these positions are priced at Step 7 as the agency will need to recruit staff with extensive and specific prior experience. Pricing the positions at Step 2 would result in savings of \$40,306 General Fund in 2019-21, and \$161,224 in 2021-23.

The Legislative Fiscal Office notes that any state inspection program must be developed with approval of the federal government and until such time, the amount of resources necessary to fulfill federal requirements and therefore the full costs of the program cannot be known. The number of potential facilities that choose to request inspection as part of this program is also unknown, which could further impact program resource needs.

Additionally, while ODA is authorized to charge fees under this program, ODA states that they have no intention of making this a fee funded program. Generally, federal cooperative agreements provide some Federal Funds for state meat inspection programs, so General Fund costs will likely be offset by Federal Funds when the program is operative; but ODA will need General Fund to pay program costs for the foreseeable future.

The 2019-21 funding associated with this measure will be addressed in a special session omnibus budget measure.