

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4105-03
Bill No.: HCS for HB 1747
Subject: Agriculture and Animals; Agriculture Dept.
Type: Original
Date: March 1, 2010

Bill Summary: Requires the Missouri Department of Agriculture to register and pay for USDA inspections for all establishments which process or sell horse meat or horse meat products for human consumption.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Horse Meat and Product Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)** assume this proposal gives concurrent jurisdiction to AGO to accept reports of violations from the Department of Agriculture, along with local prosecuting attorneys. In addition, AGO could receive AHC or circuit court appeals from refusals to certify applicants. AGO assumes that any potential costs could be absorbed with existing resources, but could request an additional appropriation if there is an increase in cases over time.

Officials from the **Department of Agriculture (AGR)** assume this proposal requires the AGR to issue a certificate of registration, upon payment of an annual registration fee of \$50 and an annual inspection fee to cover the costs of inspection based on the number of horses processed. The AGR assumes there will be one horse slaughter facility that operates in the state which will process approximately 2,000 horses annually. The AGR also assumes there will be no retail sales of horse meat products. The director of the Department of Agriculture will be required to promulgate rules for the implementation and enforcement of this proposal.

The AGR is also required to use the revenues generated by the registration and inspection fees to pay for the USDA inspection of horse meat products and horse meat processing facilities.

Officials from the **Office of State Courts Administrator, Department of Health and Senior Services and Treasurer's Office** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
HORSE MEAT AND PRODUCT FUND			
<u>Revenue - Department of Agriculture</u>			
Horse Slaughter Plant Fees	\$100,000	\$100,000	\$100,000
<u>Cost - Department of Agriculture</u>			
USDA Inspector Costs	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>
ESTIMATED NET EFFECT ON HORSE MEAT AND PRODUCT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2011
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

It could affect a small establishment that wants to process horse meat or where horse meat is offered for sale.

FISCAL DESCRIPTION

This bill requires any person operating an establishment in which horse meat is processed or sold for human consumption to annually register with the Department of Agriculture. The applicant must file an application for a certificate of registration which is to include certain specified information. The department director may refuse to issue, revoke, or suspend a registration if the establishment fails to comply with the provisions of the bill after the applicant has been given an opportunity to be heard by the department director in regard to the refusal, suspension, or revocation.

An annual registration fee of \$50 and an inspection fee to cover the inspection costs based on the number of horses processed must be paid to the department director. All fees collected will be deposited into the newly created Horse Meat and Product Fund to pay for the administrative costs associated with the provisions of the bill including, but not limited to, the payment of United States Department of Agriculture (USDA) inspections. No proprietor, manager, or person in charge of specified public eating establishments can sell, serve, or use for human consumption any horse meat or horse meat food products without posting in a conspicuous place a sign with specified requirements that states "Horse Meat Sold Here" or "Horse Meat Served Here," whichever is applicable.

Establishments registered by the department are prohibited from:

- (1) Selling horse meat, products, or carcasses without the labeling specified in the bill;
- (2) Modifying or removing required identification labels or a USDA inspection impressions made by a stamp on the horse carcass, meat, or meat product;

DESCRIPTION (continued)

- (3) Selling horse meat, products, or carcasses deemed by a USDA inspection as adulterated, misbranded, or unfit for human consumption;
- (4) Operating or maintaining an establishment in an unsanitary manner;
- (5) Selling certain horse parts or parts of a horse included in a horse meat food product intended for human consumption;
- (6) Mixing horse meat with any other animal meat and selling it for human consumption; and
- (7) Storing horse meat or horse meat products intended to be sold for pet food in a refrigerated compartment with food for human consumption.

Establishments registered with the department are required to:

- (1) Provide access to the department director and the USDA for inspection of all premises in which any horse carcass, horse meat, or horse meat product is processed, packed, transported, sold, exposed, or offered for sale at retail;
- (2) Provide samples or specimens of horse meat, products, or carcasses to determine whether there has been a violation of USDA inspection regulations or department rules or if a violation exists;
- (3) Decharacterize with charcoal or green food dye any horse meat, horse meat food product, or carcass that is not labeled for use or is labeled as pet food, unless the horse meat or product is individually packaged in hermetically sealed packages and labeled as pet food; and
- (4) Maintain certain sales records of horse meat and carcasses sold for one year from the time of sale and make the records available to the department director for inspection during regular business hours.

Possession of unlabeled horse meat, products, or carcasses constitutes prima facie evidence that the commodity is for sale, unless the person has legally purchased the commodity for his or her personal consumption.

The Attorney General or prosecuting attorney must institute prosecution proceedings against the defendant in the county in which the defendant resides, where his or her registered business is located, or where the violation occurred upon a report of violation by the department director.

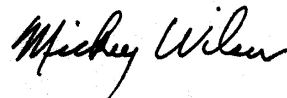
DESCRIPTION (continued)

Anyone violating the provisions of the bill will be guilty of a class A misdemeanor for the first offense and a class D felony for any subsequent offense.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of State Courts Administrator
State Treasurer's Office
Department of Health and Senior Services
Department of Agriculture



Mickey Wilson, CPA
Director
March 1, 2010