

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1104 (First Edition)

SHORT TITLE: Update NC Meat Inspection Act.

SPONSOR(S): Representative Hill

FISCAL IMPACT					
	Yes ()	No (X)	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
Department of Agriculture and Consumer Services	\$0	\$0	\$0	\$0	\$0
EXPENDITURES					
Department of Agriculture and Consumer Services	\$0	\$0	\$0	\$0	\$0
POSITIONS (cumulative):					
Department of Agriculture and Consumer Services	0	0	0	0	0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Agriculture and Consumer Services					
EFFECTIVE DATE: This bill is effective when it becomes law.					

BILL SUMMARY:

H.B. 1104 updates North Carolina's Meat Inspection Act to be equivalent to federal standards. This requires three changes to existing law:

- 1) The bill amends GS 106-549.39(b) to remove establishment preparing ostriches and other ratites as a meat food product from the requirement to pay an inspection fee to the Department of Agriculture.
- 2) It repeals GS 106-549.51A, which made Article 49D, the Poultry Products Inspection Act, of GS Chapter 106 applicable to domesticated rabbits.
- 3) It makes two changes to GS 106-549.62, it:

- a. Alters the exemptions under subdivisions (a)(6) or (7) or subsection (b) of this section, indicating that these exemptions do not apply to persons who slaughters or processes more than 20,000 birds of all species (previously 5,000 turkeys or an equivalent number of poultry) during that calendar year, and
- b. Exempts poultry producers with respect to poultry of their own raising on their own farms if they slaughter no more than 1,000 birds of all species (previously 250 turkeys or an equivalent number of other bird species) during that calendar year.

ASSUMPTIONS AND METHODOLOGY:

This bill should have no fiscal impact on the Department of Agriculture and Consumer Services (DACs). The changes outlined in the Bill Summary above do alter current meat and poultry inspection operations but have no fiscal impact on DACs. Slaughter houses and processing facilities for animals subject to the Poultry Products Inspection Act receive eight hours of free inspection five days per week and, if that facility operates a second shift, it receives an additional eight hours of inspection services free of charge. If inspections are required above and beyond this level, the entity is required to pay for those inspection services.

Details on each change are provided bellow.

Section 1: Remove “Ostriches and other ratites” as identified in G.S. § 106-549.39

Current North Carolina law allows the Meat and Poultry Inspection Division (MPID) to charge inspection fees for bison, ostrich, and other ratites; they are not amenable to North Carolina’s Poultry Products Inspection Act. This means that facilities that slaughter or process bison, ostriches, and other ratites for human food must pay inspection fees. H.B. 1104 would make ostrich and other ratites amenable to the act, exempting facilities that slaughter or process them from inspection fees (they would still be subject to inspection). At present, DACs does not inspect any ostrich or other ratite processing and is not collecting any fees from these entities. Thus, making ostrich and other ratites amenable to the Poultry Products Inspection Act will not have a fiscal impact on DACs.

Section 2: Repeal General Statute 106-549.51A

G.S. 106-549.51A makes rabbits subject to the North Carolina Poultry Products Inspection Act. H.B. 1104 repeals this language, altering North Carolina law so that it mirrors federal law, which does not mandate the inspection of rabbits for slaughter. This change will have no fiscal impact on DACs as there are currently no rabbit processors being inspected.

Section 3 and 4: Amend G.S. § 106-549.62

As with the other changes, this change would also make North Carolina law equal to the federal Poultry Products Inspection Act and has no fiscal impact on DACs. Federal law does not contain a “turkey equivalent” and treats birds of all species the same; H.B. 1104 updates G.S. 106-549.62 in two places to remove the 4:1 “turkey equivalent” ratio currently used to compare the number of “other birds” needed to be equivalent to one turkey. The proposed change would count all birds of any species towards the exemption thresholds. This change simplifies the exemption statutes and allows NC farmers more species production options. Slaughter houses and processing facilities that meet these exemptions are not subject to inspection. This change will not alter MPID’s expected revenue or operating costs.

SOURCES OF DATA:

Department of Agriculture and Consumer Services

TECHNICAL CONSIDERATIONS: None

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