

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-2537/2	Introduction Number AB-0287	
Description Sale of unpasteurized milk products and an exemption from rules and licensing and permitting requirements for certain dairy farms		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115 (1)(a) and 20.115 (1)(gb)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DATCP/ Jason Gherke (608) 224-4748	Jason Gherke (608) 224-4748	8/27/2013

Fiscal Estimate Narratives

DATCP 8/27/2013

LRB Number	13-2537/2	Introduction Number	AB-0287	Estimate Type	Original
Description Sale of unpasteurized milk products and an exemption from rules and licensing and permitting requirements for certain dairy farms					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows a dairy farmer to produce and sell unpasteurized milk and other milk products directly to consumers on the farm. If the dairy farmer chose to produce these products, the farmer would be exempt from the requirement to hold a dairy plant license, and may also, depending on the situation, be exempt from the requirement to hold a milk contractor license. These exemptions would decrease department revenue, in proportion to the number of farmers seeking the exemptions, but would also decrease the department's costs for dairy plant inspection and sampling. As written, the bill does not exempt a dairy farmer who is bottling milk or producing milk products from paying the milk procurement fee. This fee is paid when a dairy plant operator receives milk from a licensed dairy producer.

This bill allows two different ways for a dairy farmer to operate as a producer and seller of unpasteurized milk and/or milk products. In the first scenario, the farmer would continue selling a portion of their milk to a licensed dairy plant. The farmer would retain their dairy producer license, and Grade "A" permit (if appropriate), and the inspections, sampling, and quality testing associated with that license and permit would continue with no additional cost to the department. If a licensed dairy producer did not hold a Grade "A" permit and sold unpasteurized milk and milk products, certain denoted Grade "A" quality and safety standards (cited in the bill) would still apply. This situation will create an administrative challenge for the department if a Grade "B" producer wants to sell unpasteurized milk or milk products to consumers and the department has to ensure that Grade "B" milk met the Grade "A" standards denoted in the bill.

In the second scenario, the farmer would not sell any of their milk to a licensed dairy plant. The farmer would register with the department and be exempt from the requirement to be a licensed dairy producer. However, their milk would still be required to meet the Grade "A" standards denoted in the bill. Under this scenario, the department would have a reduction in dairy producer license revenue, incur administrative costs of managing registrations and renewals and incur associated costs of ensuring the segregation of registered farms and licensed dairy producers. In order to meet the Grade "A" standards denoted in the bill, a licensed Bulk Milk Weigher Sampler would be required to take a sample from each bulk tank of milk. A licensed laboratory would then be required to analyze those milk samples for Standard Plate Count, drug residues, and Somatic Cell Count and be required to submit monthly reports to the department. It should be noted this bill does not specify who would incur those testing and administrative costs.

The bill also requires all dairy farmers who sell unpasteurized milk or milk products to ensure that clean containers are used to hold the milk and milk products that are sold, the milk and milk products are properly labeled, a warning sign is posted at the point of sale, and the dairy farm's water supply is safe. The department will continue to incur inspection costs to determine these requirements are being met and the costs of regulatory action to be taken if they were not. The bill is silent about what regulatory actions can be taken by the department if these requirements are not being met.

Overall, the department is not able to determine the fiscal impact of this bill due to the unknown factors discussed in the estimate. The department's costs would be dependent on the number of dairy farms participating in the program, the ability of registered (non-licensed) dairy farmers to meet the Grade "A" standards denoted in the bill and the number of investigations conducted when illness outbreaks were linked to the sale of unpasteurized milk and milk products.

Long-Range Fiscal Implications