

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3936H.011
 Bill No.: HB 1711
 Subject: Food; Agriculture
 Type: Original
 Date: January 5, 2024

Bill Summary: This proposal modifies provisions relating to the selling of raw milk, raw milk products, or cream.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Milk Inspection Fee Fund*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes these costs will not exceed the \$250,000 threshold per year based upon MDA's cost assumptions

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Agriculture (MDA)** assume the following regarding this proposal:

The State Milk Board (SMB) used contract services in 2022 to cover its regulatory obligations. MDA was charged a fee of \$375 per inspection, per farm.

In order to meet Grade "A" standards, finished product samples and raw milk samples must be collected from each producing plant and farm on a regularly scheduled basis of 4 out of 6 months. The cost of the samples MDA pays are \$21 per finished product and \$36.50 for raw milk samples per month. A minimum of 8 months a year would equal an additional \$168 dollars per producer per product and \$292 per raw milk sample.

Additionally, raw milk producers would have to have pathogen testing done as well. Currently there are no Grade "A" raw milk producers in Missouri; therefore, MDA does not run any pathogen tests. If pathogens are present in raw milk, they are killed during the pasteurization process.

In order to provide a more accurate fiscal impact for this proposal, MDA would need to know if each Grade "A" Raw milk producer would be required to have a Grade "A" plant permit like all the other Grade "A" plants to keep the two entities separated?

Currently in Missouri, there are some Grade "A" plants that process milk and pay less than \$250 a year in milk inspection fees. A bare minimum and best case scenario is that each new Grade "A" raw milk producer will have a fiscal impact at an expense of **\$2,710** per year. This number is extremely low especially in the first couple years where new start-ups request MDA staff's input and knowledge to get up and running.

Currently there are quite a number of people selling raw milk in Missouri. MDA does not have a number of how many producers would go from unregulated raw milk producers to Grade "A" Raw Milk producer.

Oversight assumes there would be increased costs to MDA for the inspection and testing of raw milk producers; therefore, Oversight will reflect an "Unknown" cost to MDA. Oversight assumes these costs will not exceed \$250,000 per year based upon MDA's cost assumptions.

Oversight notes the Milk Inspection Fee Fund (0645) had a balance of \$1,560,839 as of December 31, 2023.

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
MILK INSPECTION FEE FUND (0645)			
<u>Cost – MDA – inspections and testing for raw milk producers</u>	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE MILK INSPECTION FEE FUND	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

This proposed legislation could have an economic impact on small business, as the bill allows for the sale of raw milk at the retail level, which is currently prohibited.

FISCAL DESCRIPTION

This bill allows for grade A retail raw milk, cream, and raw milk products produced in Missouri to be sold at grocery stores, farmers markets, or similar establishments as long as the milk is clearly labeled with the specified warning label.

The bill also specifies that no bottler or distributor of grade A retail raw milk can sell, transport or deliver the milk unless it has been inspected by the State Milk Board at least quarterly. Also, any dairy farm producing grade A retail raw milk must have its herd accredited or certified by the U.S. Department of Agriculture as tuberculosis-free and brucellosis-free.

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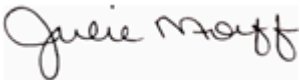
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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services

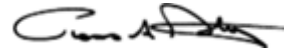
Missouri Department of Agriculture



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January 5, 2024



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