



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0245
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Title:	Revise laws related to raw milk
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Primary Sponsor:	Ballance, Nancy
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Status:	As Introduced
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| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$224,004	\$223,018	\$225,628	\$228,286
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$1,400	\$1,400	\$1,400	\$1,400
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>(\$222,604)</u></u>	<u><u>(\$221,618)</u></u>	<u><u>(\$224,228)</u></u>	<u><u>(\$226,886)</u></u>

Description of fiscal impact: HB 245 provides an exemption for small herd milk producers and requires the Department of Livestock (MDOL) to adopt rules to issue and administer small herd exemption permits. The proposed legislation exempts certain individuals from particular production, use, and sales requirements of milk and milk products and provides for a permit fee.

FISCAL ANALYSIS

Assumptions:

1. The department will develop and issue rules to implement HB 245. Projected cost for rule making is \$500 in FY 2016. Contract attorney costs to develop the rules would be \$465 in FY 2016.
2. For the purpose of this fiscal note, it is assumed that 70 new milk producers would apply for an exemption permit and pay the \$20 permit fee. A total of \$1,400 is estimated to be collected from the fee.
3. The department is authorized to collect the fee and renewal fee for the small herd exemption permit, however, in accordance with 81-21-102(2), MCA, any revenue generated from the issuance of a small herd exemption permit or renewal of such permit is collected by the department and deposited into the state general fund.

4. Exempted producers would require 10 lab samples per year (eight minimum plus and estimated two for follow-up on violations). This equates to 700 test samples per year.
5. If one half of the exempt milk producers manufacture five products then 175 additional samples per producer would require a total of 1,750 samples. For the purposes of this fiscal note, it is assumed half of the producers would fall into this category.
6. The estimated combined diagnostic costs for the basic milk, coliform, standard plate, and somatic tests are \$40.70. Total cost for 2,450 tests would be \$99,715 per year.
7. Contract sampling collection services are estimated to cost approximately \$71,000 per year. In addition, these contracted sample collectors are estimated to travel 30,000 miles annually for an estimated cost of \$16,800 per year.
8. Samples must be shipped from all areas in sample coolers. It is assumed that the cost of shipping and the return of the cooler is \$59 per shipment. If each shipment contains 10 samples, the total cost is \$14,455 per year.
9. The Department of Livestock would require 0.50 FTE per year for program administration at an annual cost of approximately \$22,000 per year.
10. It is assumed that the Board of Livestock will not increase fees on inspected dairy producers or otherwise to pay the costs of exempt milk product producers as provided in this bill. The department does not have available state special revenue to fund these expenditures. Therefore, the expenditures are assumed to be paid from the general fund.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$92,069	\$92,048	\$93,163	\$94,303
Operating Expenses	<u>\$131,935</u>	<u>\$130,970</u>	<u>\$132,465</u>	<u>\$133,983</u>
TOTAL Expenditures	<u><u>\$224,004</u></u>	<u><u>\$223,018</u></u>	<u><u>\$225,628</u></u>	<u><u>\$228,286</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$224,004	\$223,018	\$225,628	\$228,286
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$224,004</u></u>	<u><u>\$223,018</u></u>	<u><u>\$225,628</u></u>	<u><u>\$228,286</u></u>
<u>Revenues:</u>				
General Fund (01)	\$1,400	\$1,400	\$1,400	\$1,400
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$1,400</u></u>	<u><u>\$1,400</u></u>	<u><u>\$1,400</u></u>	<u><u>\$1,400</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$222,604)	(\$221,618)	(\$224,228)	(\$226,886)
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Sponsor's Initials

Date

Budget Director's Initials

Date