

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 29** SLS 16RS 132
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 18, 2016 8:53 AM	Author: LAFLEUR
Dept./Agy.: Health & Hospitals	Analyst: Zachary Rau
Subject: Raw Milk Sales from a Farmer to a Consumer	

AGRICULTURAL COMMODITIES EG INCREASE GF EX See Note Page 1 of 1
 Provides relative to the sale of raw milk by a farmer to a consumer. (8/1/16)

Proposed law outlines standards and practices for the sale of raw milk by a farmer to a consumer. Proposed law requires the Dept. of Health & Hospitals to conduct inspections of dairies selling raw milk on a quarterly basis, or when requested by a customer.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will increase state general fund expenditures for the Department of Health and Hospitals (DHH) by an indeterminable amount. DHH will conduct inspections of facilities selling raw milk on a quarterly basis and to the extent customers request an inspection. The number of inspections that will occur in a given year is indeterminable, because the number of inspections consumers will request, as well as the number of dairy producers who will sell raw milk are unknown at this time. DHH reports that the cost of a quarterly inspection or one at the request of a consumer will only require the services of a special operations milk sanitarian at an expense of \$225 per inspection.

DHH also anticipates an increase in expenditures for investigations of illness outbreaks caused by the sale of raw milk. According to information obtained by DHH from a Centers for Disease Control (CDC) study, 81 outbreaks associated with raw milk occurred between 2007 and 2012 in the 26 states which allowed raw milk sales in some form, creating an annual average of approximately 13 outbreaks of illness associated with raw milk sales nationwide (81 outbreaks / 6 years). DHH estimates the average cost of a single investigation to be \$13,145 based upon 20 hours of laboratory testing at the rate of \$250 per hour (\$5,000), 175 hours of epidemiology-related work at the rate of \$45 per hour (\$7,920), and the \$225 per-inspection cost of a sanitarian. To the extent Louisiana meets the nationwide average of 13 illness outbreaks related to the sale of raw milk annually, an expenditure increase of approximately \$171,000 would occur. However, based upon data from the same CDC study, the 26 states which allowed raw milk sales in some form between 2007 and 2012 averaged approximately 3 related outbreaks during that period (81 outbreaks from 2007-2012 / 26 states = 3). Based upon this information, costs related to outbreak investigations may be lower than DHH is anticipating.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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