

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB825

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Knight

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Herd shares; written shared herd ownership agreements; requirements; penalty.

5. Summary: This bill authorizes any person to enter into a written agreement with the owner of a herd of milk-producing animals to obtain an ownership interest in the owner's milking herd and any of the milking herd's unpasteurized milk production equal to the percentage ownership interest, subject to certain requirements relating to filing with the Department of Agriculture and Consumer Services, packaging, acknowledging certain dangers, and prohibiting sale or resale. The bill requires the Commissioner of Agriculture and Consumer Services and the Department of Health to investigate any illness that results from the consumption of unpasteurized milk provided pursuant to such an agreement. Any violation is a Class 1 misdemeanor, with each day of violation counted as a separate offense. The bill authorizes the Board of Agriculture and Consumer Services to adopt related regulations.

6. Budget Amendment Necessary: Yes, to Item 94 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	n/a	n/a	n/a
2019	\$238,062	3	GF
2020	\$238,062	3	GF
2021	\$238,062	3	GF
2022	\$238,062	3	GF
2023	\$238,062	3	GF
2024	\$238,062	3	GF

7b. Revenue Impact: N/A.

8. Fiscal Implications: It is anticipated that this bill will have an expenditure impact on the Virginia Department of Agriculture and Consumer Services (VDACS) to provide regulatory oversight, monitoring, and enforcement of the provisions of the bill. There will also be agency and owner expenses associated with the bill's testing requirements. At this time, VDACS is aware of approximately 200 herd share operations. VDACS estimates that proper oversight of these operations will require three FTEs: a qualified individual to manage these

new requirements and evaluate incoming contracts for validity, an administrative assistant to ensure proper handling of the associated records, and an additional Dairy Inspector to provide sufficient interaction with herd share operations and to monitor for compliance with the legislation and any additional regulations that are adopted. The annual cost of the positions is estimated at \$238,062 for salary, benefits, equipment, and travel. The department does not have resources to absorb the workload associated with the bill. The Department of Health does not anticipate a fiscal impact.

Violations of the provisions of this bill are punishable by a Class 1 misdemeanor offense. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Ultimately, the presiding judge will decide if there is to be any time served in jail; however, any increase in jail population will increase costs to the state. The Commonwealth presently pays the localities \$4.00 a day for each misdemeanant or otherwise local responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2017), the estimated total state support for local jails averaged \$34.58 per inmate, per day in FY 2016. Misdemeanor offenses also carry the possibility of fines. Any revenue generated from such fines is indeterminate and is required for deposit to the state Literary Fund.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of Health; local courts, jails, and prisons.

10. Technical Amendment Necessary: No.

11. Other Comments: None.