

Department of Planning and Budget
2021 Special Session I - Fiscal Impact Statement

1. Bill Number: SB1193

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Obenshain

3. Committee: Passed both Houses.

4. Title: Dairy Producer Margin Coverage Premium Assistance Program; established.

5. Summary: Directs the Commissioner of Agriculture and Consumer Services to establish and administer the Dairy Producer Margin Coverage Premium Assistance Program (the Program). The bill provides that any dairy farmer that has a resource management plan or nutrient management plan and participates in the federal margin coverage program for dairy producers at the tier I level as contained in the federal Agriculture Improvement Act of 2018 is eligible to participate in the Program. Under the bill, each year a Program participant will receive a refund of its annual premium payment paid into the federal program. Such reimbursement shall be provided on a first-come, first-served basis and shall be subject to availability of funds expressly appropriated for the purposes set forth in the chapter. The Commissioner shall submit an annual report no later than December 1 of each year to the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources assessing the effectiveness of the Program

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Final.

8. Fiscal Implications: This bill will have an indeterminate fiscal impact on the Department of Agriculture and Consumer Services (VDACS). The bill establishes the Dairy Producer Margin Coverage Premium Assistance Program that requires VDACS to reimburse qualified dairy producers for annual premium payments at the tier I level made under the federal Dairy Margin Coverage Program (DMC). Currently, 252 Virginia dairies are enrolled in the DMC; however, there are approximately 425 grade A dairies in Virginia. If the 252 dairies currently enrolled elect to participate in this program, costs are anticipated to be approximately \$1.2 million. Assuming the majority of the 425 grade A dairies enroll and apply for the program, VDACS estimates annual payments to Program participants under the provisions of this bill may be approximately \$2.0 million. VDACS is unable to absorb such reimbursements; payments under the program are subject to the appropriation of funds for this purpose in the Appropriation Act.

House amendments to HB1800/SB1100 include \$1.0 million from the general fund the second year to establish the Dairy Producer Margin Coverage Premium Assistance Program as prescribed in HB1750, which is the companion to this bill.

The agency also anticipates costs associated with processing refund applications and verifying applicant eligibility with the Department of Conservation and Recreation (DCR) as provided in the bill. These costs are indeterminate at this time. Currently, DCR and soil and water conservation districts review and approve resource and nutrient management plans.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of Conservation and Recreation.

10. Technical Amendment Necessary: No.

11. Other Comments: HB1750, as passed by the House, is the companion to this bill.