

JOINT BUDGET COMMITTEE BILL

SUMMARY OF H.B. 09-1320:

CONCERNING AN INCREASE IN FEES PAID FOR CERTAIN DAIRY LICENSES.

Prime Sponsors: Representative Marostica and Senator White

Bill Summary

This bill:

- Increases license fees paid by dairy processors, samplers, and haulers to generate additional revenue for the Consumer Protection Division's Dairy Program; and
- Bases license fees for processing plants on the weight of milk produced per day rather than charging flat fee for all dairy plants as under current law.

Specifically, this bill makes the following changes:

Section	Description of Bill Section
1	Increases licensing fees for milk samplers and haulers from \$3 per year under current law to \$50 per year; increases license fees for dairy processing plants from a flat fee of \$10 per year under current law to a graduated scale based on the weight of milk produced per day.
2	Sets an effective date of June 30, 2009 and clarifies that the new fees shall apply to all licenses issued on or after that date.
3	Safety clause.

Fiscal Impact

Revenues. The bill is anticipated to generate \$35,910 in revenues annually, as shown in the following table. The current fee structure raises a total of \$1,090 per year which is deposited into the General Fund. As introduced, the new fee revenues would also be deposited into the General Fund, resulting in a net increase of \$35,910 in revenues to the General Fund.

Type of License	Number of Licenses	Current Fee	Current Revenue	Proposed Fee	Change from Current Revenue
Dairy Plant					
(Less than 1,000 lbs. per day)	11	\$10	\$110	\$300	\$3,190

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Type of License	Number of Licenses	Current Fee	Current Revenue	Proposed Fee	Change from Current Revenue
(1,000-19,999 lbs. per day)	9	\$10	\$90	\$600	\$5,310
(20,000-449,999 lbs. per day)	11	\$10	\$110	\$1,000	\$10,890
More than 450,000 lbs. per day)	3	\$10	\$30	\$1,600	\$4,770
License to Test Dairy Products	250	\$3	\$750	\$50	\$11,750
Total			\$1,090		\$35,910

Expenditures. The Department expects to spend \$32,153 in FY 2009-10 and \$24,903 in FY 2010-11. The bill's stakeholders are not seeking to offset existing General Fund appropriations to the dairy program but rather to provide *additional* revenue to the program. Thus, the program's expenditures are expected to increase by those amounts each year, which will require an appropriation.

Background Information

- Under state and federal statute and regulation, the dairy program has regulatory authority for dairy farms, samplers, haulers, and processing plants. The regulations require regular inspections for regulatory and licensing purposes.
- The dairy program is currently funded with 100 percent General Fund, with a total cost of approximately \$660,000 in FY 2007-08 (\$474,000 for dairy program costs and \$185,000 for laboratory expenses directly related to the dairy program), the most recent year for which actual expenditures are available.
- The program has indicated that it faces a shortfall in FY 2009-10 and beyond of approximately \$50,000 per year because of anticipated increases in workload as a result of new facilities opening in the state.
- The bill is designed to provide the incremental revenue necessary for the dairy program to meet its responsibilities with the anticipated increases in workload.