

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1624

(Delegate Cane, *et al.*)

Health and Government Operations

Finance

Milk Products - Farmstead Cheese Production

This bill expands the existing Farmstead Cheese Pilot Program currently operating in Talbot County to five dairy farmers statewide and extends the program's termination date by two years to September 30, 2014. However, the bill also limits the pilot program to a five-year period, which begins after adoption of regulations to implement the program and a permit has been issued. In addition, the bill authorizes the Secretary of Health and Mental Hygiene to impose a fee for laboratory expenses related to the program, and requires the fees to be deposited into a newly established Laboratory Testing Fund designated for laboratory testing associated with the production of farmstead cheese.

Fiscal Summary

State Effect: The bill's requirements should be able to be handled with existing resources; nevertheless, special fund revenues and expenditures could increase given the authority to impose a fee for laboratory expenses under the bill.

Local Effect: Any impact would be primarily operational in nature.

Small Business Effect: Meaningful for up to four additional dairy farms in the State that could be able to expand their operations to include production of farmstead cheese.

Analysis

Bill Summary: The bill limits the number of milk processor-farmstead cheese producer permits that can be issued by DHMH to five. A permit expires one year after its effective date unless it is renewed. Permits can be renewed for up to four additional one-year

terms if inspection and testing staff, equipment, and other resources are available, and the permit holder meets other requirements established by DHMH through regulations. In addition, an operator of a dairy with up to 120 goats is eligible for a milk processor – farmstead cheese producer permit.

Current Law: Chapter 437 of 2007 established the Farmstead Cheese Pilot Program which created a milk processor – farmstead cheese producer permit and authorized a permit holder to produce farmstead cheese. “Farmstead cheese” is defined as cheese made on a farm using only the raw milk produced by the herd on the farm and that meets definitions and standards for hard cheese established in federal regulations. To qualify for a milk processor – farmstead cheese producer permit, applicants have to • operate a farm with no more than 120 cows in the herd; • be located in Talbot County; and • meet any other regulations established by DHMH. Permits are effective for five years. Otherwise, production of farmstead cheese is prohibited within Maryland.

Background: DHMH further advises that one dairy farmer has applied for, and currently holds, a farmstead cheese permit in Talbot County. A fee was not charged for this permit.

State Fiscal Effect: DHMH advises that, although it could handle additional inspections using existing resources, imposing fees for laboratory expenses would help offset the laboratory costs associated with allowing additional limited production of farmstead cheese. However, DHMH has not determined how much it would charge or how much the additional laboratory costs would be. Legislative Services advises that since the bill limits permit holders to five, DHMH should be able to perform any laboratory tests using existing resources, making a fee for that purpose unnecessary. It is assumed that no initial or renewal fee would be charged for the permit itself. Nevertheless, given the laboratory fee authority under the bill, special fund revenues and expenditures could increase minimally.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Maryland Department of Agriculture, Department of Legislative Services

Fiscal Note History: First Reader - March 25, 2008
mll/ljm Revised - House Third Reader - May 29, 2008

Analysis by: Sarah K. Harvey

Direct Inquiries to:
(410) 946-5510
(301) 970-5510