

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 983 (Delegate Rudolph. *et al.*)

Environmental Matters

**University of Maryland, Maryland Cooperative Extension - Dairy Farm Nutrient
and Business Management Program**

This bill establishes a four-year Dairy Farm Nutrient and Business Management Program to be administered by the University of Maryland, Maryland Cooperative Extension. The program must develop and maintain: (1) a dairy and business management team to plan meetings and workshops for dairy farmers and their families and employees on farm business management, ruminant nutrition, forage crops, agricultural engineering, compliance with environmental requirements, and any topic related to dairy farm business and management; and (2) a dairy advisory team to organize local advisory teams to advise and assist dairy farmers in the State on business and environmental matters. The Maryland Department of Agriculture is authorized to adopt regulations to implement this program.

In order for dairy farmers to participate in the program, they must submit an application to the Maryland Cooperative Extension and a one-time program fee of \$200. Finally, if a dairy farmer or designee of a dairy farmer completes participation in the Dairy Advisory Team Program, the University of Maryland, Maryland Cooperative Extension, is required to refund to the dairy farmer the \$200 program fee.

The bill takes effect October 1, 2000 and sunsets September 30, 2004.

Fiscal Summary

State Effect: General fund expenditure increase of \$211,400 in FY 2001. Out-year expenditures reflect annualization and inflation, exclusive of the bill's refund provision. Potential general fund revenue increase of \$10,000 in FYs 2001-2003. Potential general fund expenditure increase of up to \$30,000 in FY 2005 as a result of refunding the program fee.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$10,000	\$10,000	\$10,000	\$0
GF Expenditures	0	211,400	266,700	275,000	283,700
Net Effect	\$0	(\$201,400)	(\$256,700)	(\$265,000)	(\$283,700)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Effect: In order to implement the Dairy Farm Nutrient and Business Management Program provided for by the bill, general fund expenditures could increase by an estimated \$211,400 in fiscal 2001, which accounts for the bill's October 1, 2000 effective date. This estimate reflects the cost of hiring four cooperative extension faculty to establish and administer the program, and to work with local advisory boards to provide dairy farmers with a variety of business management strategies that are profitable and also meet the requirements of the Water Quality Improvement Act of 1998. Expenditures include salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The goal of the program is to recruit 50 dairy producers in each of the program's first three years and to maintain those 150 producers in the program's fourth and final year. As a result, general fund revenues could increase by \$10,000 in each of the first three years due to the program's \$200 fee. However, the bill also requires that the Cooperative Extension refund the \$200 program fee to dairy farmers who complete the program. It is assumed that the program fee would be refunded beginning in fiscal 2005 as the program ends during fiscal 2005. As a result, general fund expenditures could increase by as much as \$30,000 in fiscal 2005.

Information Source(s): University System of Maryland, Department of Legislative Services

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