

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 92 (Chairman, Environmental Matters Committee)
(Departmental - Agriculture)

Environmental Matters

Education, Health, and Environmental
Affairs

Maryland Egg Law

This departmental bill relates to the regulation of shell eggs by the Maryland Department of Agriculture (MDA). The department is authorized to regulate treated eggs and impose civil penalties for violations of the Maryland Egg Law. The bill also clarifies current law and codifies current practice with respect to the regulation of eggs.

Fiscal Summary

State Effect: Potential increase in general fund revenues related to the bill's penalty provision. Any such increase cannot be estimated at this time but is not anticipated to be significant. MDA could handle the bill's requirements with existing budgeted resources.

Local Effect: The bill would not materially affect local operations or finances.

Small Business Effect: The MDA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill modifies the term "shell eggs" to mean raw or "treated" chicken eggs that are still in the shell and intended for human consumption. "Treated egg" means a chicken egg that has been subjected to a process that alters the egg while still in the shell.

The bill modifies current law by requiring the Secretary of Agriculture to establish standards for quality of individual or grades of shell eggs and by providing that those standards be the same as those of the U.S. Department of Agriculture (USDA) *where applicable*. The bill clarifies current law by prohibiting a person from donating, selling, advertising, offering, or in any manner representing for sale shell eggs to any consumer unless the shell eggs meet those standards. The bill also clarifies current law by prohibiting the donation of shell eggs to any person unless the shell eggs meet standards of quality, grade, and size classification.

The bill codifies current practice by requiring that all shell eggs be stored, displayed, and transported in a refrigerated area where the temperature meets the standard established by the Secretary.

The bill repeals existing law relating to the Secretary's authority to establish special grades of shell eggs for use on a voluntary basis. The bill authorizes the Secretary to establish voluntary standards to identify shell eggs that exceed the standards of quality, size, processing, or production established under the Maryland Egg Law.

The bill repeals the use of the terms "Maryland fresh" and "fresh" and authorizes the Secretary to adopt rules and regulations limiting or requiring the use of any term when shell eggs are offered or exposed for sale, sold, donated, or advertised. The bill prohibits a person from donating, selling, offering for sale, or delivering any shell eggs that are not labeled according to regulations adopted by the Secretary.

The bill authorizes the Secretary to impose a civil penalty of not more than \$5,000 instead of, or in addition to, issuing a stop sale order or revocation of a registration under the Maryland Egg Law. Any penalties collected pursuant to this provision must be paid into the general fund. The bill authorizes the Secretary to adopt regulations to implement the penalty provision.

Current Law: "Shell eggs" means raw eggs produced by chickens for human consumption. The size or weight classification for individual shell eggs in the State shall be the same as the official USDA weight classes for shell eggs for specified classifications. The State standards for the quality of individual or grades of shell eggs shall be the same as those of the USDA. No person may sell, advertise, offer, or in any manner represent for sale shell eggs to any person unless the eggs meet those standards. The Secretary may adopt rules and regulations limiting the use of any term used when shell eggs are offered or exposed for sale, sold, or advertised except grade or size or weight classifications provided by statute.

The term "fresh" or the term "Maryland fresh," for shell eggs produced in the State, may be used in addition to the applicable grade and size designation, except for shell eggs below A quality. The Secretary shall adopt rules and regulations setting the standards for "Maryland fresh" eggs. Candling or any other method approved by the Secretary shall be

used when making a final determination of whether shell eggs meet the standard of quality.

The Secretary may establish for use on a voluntary basis special grades of shell eggs produced in the State that are of a standard superior to USDA Grade A shell eggs. The Secretary may adopt rules and regulations prescribing and defining quality and size standards, and establishing special tolerances for the grade of shell eggs, requiring any person who desires to pack special grades for sale to register annually with the Secretary and pay a reasonable fee, and devising and charging reasonable fees for seals or other appropriate identifying insignia.

A person must register with the Secretary each business location where that person is operating as either a packer or distributor. Subject to the hearing provisions adopted by the Secretary, the Secretary may deny, suspend, or revoke the registration under specified circumstances.

All fees collected under the Maryland Egg Law must be credited to the Egg Law Fund. The fund must be used to partially defray the expenses of administering the law.

Background: Due to increased consumer concern and outbreaks of food-borne illness related to shell eggs, new processes to eliminate bacterial contamination of shell eggs have been developed. Inspections conducted by MDA, however, have indicated that some of the new products on the market are mislabeled and/or contain inedible eggs. According to MDA, failure to regulate treated eggs could result in a public health threat.

Additional Information

Prior Introductions: A similar bill, HB 969 of 2001, was referred to interim study by the House Environmental Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - January 14, 2002
lsc/jr

Analysis by: Lesley Frymier

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510