

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1080 (Delegate Jennings, *et al.*)
 Health and Government Operations

Health General - Milk Products - Raw Milk - Consumer Owned Livestock

This bill exempts the sale of raw milk and raw milk products from regulations governing the production, processing, labeling, and distribution of milk products where the sale is made directly from a dairy farmer to the final consumer. However, the exemption only applies if the consumer, via written contract, acquires an ownership interest in the animal or herd that produces the raw milk. The exemption does not apply to restaurant, retail, commercial, wholesale, or other sales of milk and milk products to subsequent buyers.

Fiscal Summary

State Effect: General fund expenditures increase by \$52,600 in FY 2010 related to the costs of one additional epidemiologist to investigate disease outbreaks. Future years reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	52,600	65,500	68,700	72,000	75,500
Net Effect	(\$52,600)	(\$65,500)	(\$68,700)	(\$72,000)	(\$75,500)

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

Local Effect: Local health departments can handle the additional disease reports with existing staff and resources.

Small Business Effect: Potential meaningful for small farmers who sell milk directly to consumers under the bill.

Analysis

Current Law: A person is prohibited from selling raw milk for human consumption unless it is being sold by a milk producer to a milk processor or for the sale of farmstead cheese.

A seller, processor, or producer of milk has to hold a State permit with a Grade A or manufactured grade classification. The permit is contingent on passing an inspection to determine whether the property, buildings, equipment, and their operation conform to specified rules and regulations. To ensure continued conformity, the Secretary may periodically reinspect the property, buildings, equipment, and their operation.

Regulations require that, within a certain time period, milk samples be collected and tested for potential health hazards including, among other things, drugs, bacteria, and cooling temperatures. All results have to be reported to the Department of Health and Mental Hygiene (DHMH).

Background: Raw milk or milk products have not gone through the pasteurization process to make the milk or milk product free of pathogens. Proponents of drinking raw milk claim that raw milk is more nutritious than pasteurized milk and that it is antimicrobial, making pasteurization unnecessary.

However, the U.S. Food and Drug Administration (FDA) advises that there is no meaningful nutritional difference and warns that raw milk can contain harmful bacteria that may cause illness or death including Salmonella, E. coli O157:H7, Listeria, Campylobacter, and Brucella. FDA advises that illnesses caused by pathogens found in raw milk can be especially severe for pregnant women, the elderly, infants, young children, and people with weakened immune systems. FDA and the Centers for Disease Control and Prevention have concluded that the health risks associated with consuming raw milk far outweigh any benefits.

A survey conducted by the National Association of State Departments of Agriculture in 2008 found that 29 states authorize the sale of raw milk for human consumption in some specified manner. Most of those 29 states, allow direct raw milk sales only at a producing farm; the others allow the sale of raw milk at retail stores separate from the farm.

At least three states that authorize the sale of raw milk, Colorado, Utah, and Washington, allow the sale of raw milk through “cow sharing” agreements.

According to an article in the journal *Clinical Infectious Disease*, 68 disease outbreaks occurred between 1993 and 2006 that are suspected or confirmed to be associated with

unpasteurized milk products, about 5.2 per year. In 2006, unpasteurized milk related disease outbreaks affected about 225 people nationwide.

However, DHMH estimates that there will be about 1,064 new cases of reported diseases annually as a result of the sale of raw milk to the public. The estimate is based on the number of outbreaks traceable to raw milk consumption in other states that allow direct raw milk sales from a producing farm.

Given the range of estimates on the number of diseases and disease outbreaks traceable to raw milk, it is difficult to estimate the number of outbreaks that will result under the bill. However, Legislative Services advises that disease reports under the bill will increase.

State Fiscal Effect: General fund expenditures increase by \$52,563 in fiscal 2010 for DHMH to hire one additional epidemiologist to handle additional cases of reported diseases and investigate disease outbreaks. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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Salary and Fringe Benefits	\$46,985
Operating Expenses	1,283
Start-up Costs	<u>4,295</u>
Total Fiscal 2010 State Expenditures	\$52,563

Future year expenditures reflect a full salary with 4.4% annual increases, 3% employee turnover, and 1% increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Health and Mental Hygiene, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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mlm/mwc

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