

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1193

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|------------------------|---------------------------------------|--|------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input checked="" type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Obenshain

3. Committee: Agriculture, Conservation and Natural Resources

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Dairy Producer Margin Coverage Premium Assistance Program; established.

5. Summary: Directs the Commissioner of Agriculture and Consumer Services to establish and administer the Dairy Producer Margin Coverage Premium Assistance Program (the Program). The bill provides that any dairy farmer that has a resource management plan or nutrient management plan and participates in the federal margin coverage program for dairy producers at the Tier 1 level as contained in the federal Agriculture Improvement Act of 2018 is eligible to participate in the Program. Under the bill, each year a Program participant will receive a refund of its annual premium payment paid into the federal program.

The substitute bill establishes the Dairy Producer Margin Coverage Premium Assistance Fund. The second enactment clause states that this act shall not become effective unless an appropriation effectuating the purposes of this act is included in a general appropriation act passed in 2021 by the General Assembly that becomes law.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Indeterminate.

8. Fiscal Implications: This bill will have an indeterminate fiscal impact on the Department of Agriculture and Consumer Services (VDACS). The bill establishes the Dairy Producer Margin Coverage Premium Assistance Program that requires VDACS to reimburse qualified dairy producers for annual premium payments at the Tier 1 level made under the federal Dairy Margin Coverage Program (DMC). The bill establishes the Dairy Producer Margin Coverage Premium Assistance Fund; a budget amendment will be required to capitalize the fund.

Currently, 252 Virginia dairies are enrolled in the DMC; however, there are approximately 425 grade A dairies in Virginia. Assuming the majority of these dairies enroll and apply for the program, VDACS estimates annual payments to Program participants under the provisions of this bill may be approximately \$2.0 million. VDACS is unable to absorb such reimbursements.

The agency also anticipates costs associated with processing refund applications and verifying applicant eligibility with the Department of Conservation and Recreation (DCR) as provided in the bill. These costs are indeterminate at this time. Currently, DCR and soil and water conservation districts review and approve resource and nutrient management plans.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of Conservation and Recreation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.