

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3465
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 24, 2021

SUMMARY

Synopsis: Directs Department of Agriculture to pay annual premiums for the federal Dairy Margin Coverage Program to enrolled dairy farmers.

Type of Impact: Annual State expenditure increase from the General Fund.

Agencies Affected: Department of Agriculture.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Expenditure Increase		Approximately \$140,000 annually	

- The Office of Legislative Services (OLS) estimates that this bill would result in a State expenditure increase from the General Fund of approximately \$140,000 annually. This represents the expected premiums to be paid by farmers for the federal Dairy Margin Coverage Program beginning in calendar year 2022, which would be reimbursed by the Department of Agriculture under the bill.
- The OLS notes that the bill may also result in a one-time and recurring marginal expenditure increases by the Department of Agriculture to adopt rules and regulations to implement the bill and to administer the reimbursement program.

BILL DESCRIPTION

The bill directs the Department of Agriculture to reimburse each enrolled dairy farmer in the State an amount equal to the annual premium paid by that farmer for coverage under the federal Dairy Margin Coverage Program. The bill requires the department to adopt rules and regulations to establish procedures to reimburse enrolled dairy farmers the amount of the annual premium.

The bill also requires the department to include in its annual budget request to the Governor an amount necessary to pay the annual premiums for the federal Dairy Margin Coverage Program for all enrolled dairy farmers in the State.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill would result in a State expenditure increase from the General Fund of approximately \$140,000 annually. This represents the expected premiums to be paid by farmers for the federal Dairy Margin Coverage Program beginning in calendar year 2022, which would be reimbursed by the Department of Agriculture under the bill. This calculation assumes that each of the 36 eligible dairy farms in the State would participate in the program, and would enroll at the maximum level of insurance. This level of insurance costs \$0.15 per hundredweight of milk produced, and the State's eligible dairy farms will produce around 91 million pounds (around 910,000 hundredweight) of milk in 2021, according to data from the Farm Service Agency in the United States Department of Agriculture. Each farm is also required to pay a \$100 administrative fee to enroll in the program.

The OLS notes that the bill may also result in a one-time and recurring marginal expenditure increases by the Department of Agriculture to adopt rules and regulations to implement the bill and to administer the reimbursement program. However, it is likely that these additional administrative tasks can be subsumed within existing duties.

Section: Environment, Agriculture, Energy, and Natural Resources

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).