

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 367(RES)  
 (H) Publish Date: 3/17/08

Identifier (file name): HB367-DEC-LS-2-25-08 Dept. Affected: Environmental Conservation  
 Title: Sale of Raw Milk and Raw Milk Products RDU: Environmental Health  
 Component: Laboratory Services  
 Sponsor: Representative Neuman  
 Requester: (H) Resources Component Number: 2065

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>							
Personal Services	202.3	0.0	202.3	202.3	202.3	202.3	202.3
Travel	11.0	0.0	11.0	11.0	11.0	11.0	11.0
Contractual	32.3	0.0	27.3	27.3	27.3	27.3	27.3
Supplies	24.7	0.0	4.0	4.0	4.0	4.0	4.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>270.3</b>	<b>0.0</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	270.3	0.0	244.6	244.6	244.6	244.6	244.6
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Litter Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>270.3</b>	<b>0.0</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>	<b>244.6</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time	<b>3.0</b>	<b>0.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** *(Attach a separate page if necessary)*  
 This legislation allows, with the proper labeling, the sale of raw milk and products made from raw milk. Currently under state and federal regulations milk must be pasteurized before it can be sold or used in milk products. DEC under AS 17.20.005 would regulate raw milk similarly to what is currently being done for other milk products.  
  
 With no final "kill step" (such as pasteurization) to eliminate pathogens, raw milk presents a greater risk than pasteurized product. For the DEC to certify raw milk dairies, the raw milk dairies should have at least the same testing requirements and standards as the dairies that produce milk for pasteurization.  
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Prepared by: Kristin Ryan, Director Phone 907-269-7644  
 Division: Environmental Health Date/Time 2/25/08 1:50 PM  
 Approved by: Dan Easton Date 2/25/2008  
Department of Environmental Conservation

**FISCAL NOTE #2**

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2008 LEGISLATIVE SESSION**

**BILL NO. CSHB 367(RES)**

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**ANALYSIS CONTINUATION**

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Such dairies must have their raw milk tested before it is pasteurized. The raw milk final product should also be tested in similar fashion to "ready to eat" foods such as cheese.

For monitoring purposes, DEC would require ten tests to be performed each month per dairy or distributor at the DEC Laboratory. These tests include general bacterial counts, specific microbiology tests for pathogens, and antibiotic screening. To fully protect the consuming public, the dairies themselves would also need to conduct more frequent testing at their facility prior to sale and distribution. The dairy laboratories would need to be approved and monitored by DEC under the existing laboratory certification process currently in place for creameries. And finally, the sale and distribution of raw milk products will increase the demand on DEC retail food and restaurant inspections to verify proper labeling and that the products are from an approved source.

This fiscal note assumes certification, inspection, testing, and monitoring of seven dairies, all on the road system in the Mat-Su Valley and will add three new positions to perform these tasks. One Microbiologist would be hired to perform the laboratory certification activity, which would include ongoing training of dairy laboratory staff. This position would also conduct the associated testing performed at the DEC laboratory. Two Environmental Health Officers would be hired to perform dairy inspections, collect and process dairy samples, and to conduct the retail food and restaurant inspections and surveillance.

First year costs include expenditures to promulgate new regulations and equipment costs for the new positions that are not reflected in subsequent years. Thereafter, costs include position support costs, laboratory testing supplies, training supplies, and general office supplies; travel for inspection, surveillance, and monitoring of dairies, dairy laboratory operations, and retail food establishments.