

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 521 (Senator Montgomery, *et al.*)  
Education, Health, and Environmental Affairs

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Agriculture - Meat and Poultry - Antibiotic Use - Labeling

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This bill requires specified meat or poultry that is derived from an animal that was fed or administered antibiotics while being raised in the State to bear a label identifying each antibiotic that was fed or administered to the animal. The bill only applies to meat or poultry that is intended for human consumption, processed in the State, and sold in the State.

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Fiscal Summary

**State Effect:** General fund expenditures may increase to enforce the bill. The extent of any increase, however, cannot be quantified without actual experience under the bill. Revenues are not materially affected.

**Local Effect:** The bill does not directly affect local government finances.

**Small Business Effect:** Meaningful.

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Analysis

**Current Law/Background:** Meat and poultry labeling is regulated by the U.S. Department of Agriculture's Food Safety Inspection Service (FSIS). FSIS is a public health agency and ensures that meat, poultry, and egg products are safe, wholesome, and correctly labeled and packaged. FSIS operates under the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, as well as executive orders, small business protection laws, and other guidance applicable to all federal agencies.

The U.S. Food and Drug Administration (FDA) approves new animal drugs, establishes tolerances for residues of those drugs in edible tissues, and initiates investigations of violations of the residue tolerances. The Maryland Department of Agriculture's (MDA) Animal Health Program conducts investigations for FDA in the State where there are violations of antibiotic or other drug residue levels in food animals.

**State Fiscal Effect:** General fund expenditures may increase to enforce the bill's labeling requirements. Although MDA has indicated that the bill does not have a fiscal impact on the department, based on an assumption that any enforcement action taken would be on a complaint basis only, the Department of Legislative Services advises that effective implementation of the bill may require additional personnel and/or other resources. The extent of any increase in general fund expenditures, however, cannot be quantified without actual experience under the bill.

The Secretary of Agriculture is required to carry out and enforce the provisions of the Agriculture Article. The bill does not contain any specific penalties for violations of the labeling requirement; however, general criminal penalties for any violation of the Agriculture Article would apply. MDA also has the authority to impose civil penalties against a person who keeps for sale, or advertises, offers, or exposes for sale, or sells, any commodity, object, or service in a condition or manner contrary to the Agriculture Article or a regulation issued under it.

**Small Business Effect:** The bill is expected to have a meaningful impact on small business meat and poultry producers whose products are raised, processed, and sold in the State. MDA indicates that there are thousands of small farms that produce meat and poultry in the State and that small farms would be those farms most likely to be selling their products in the State. According to MDA, in a given year, producers generally use some antibiotics in their animals, with the exception of organic producers. A producer may incur costs to manage the logistics of complying with the labeling requirement and may risk reduced demand for their products and being put at a disadvantage in comparison to out-of-state producers, to the extent the labels suggest there is a risk to consuming the Maryland raised, processed, and sold products. Delmarva Poultry Industry, Inc. similarly indicates that the labeling requirement for poultry raised, processed, and sold in the State could cause a reluctance to purchase Maryland chicken, potentially harming the family farms that raise chickens for the meat-chicken companies operating on Maryland's Eastern Shore as well as small businesses that provide services to those farms.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture; U.S. Department of Agriculture; U.S. Food and Drug Administration; Delmarva Poultry Industry, Inc.; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2013  
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Analysis by: Scott D. Kennedy

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510