

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 18** SLS 13RS 133
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 20, 2013 6:24 PM	Author: WARD
Dept./Agy.: DHH/OPH	Analyst: Jennifer Katzman
Subject: Application of Sanitary Code to Cake & Cookie Products	

PUBLIC HEALTH RE INCREASE GF EX See Note Page 1 of 1
 Provides for cake and cookie products and preparation of cakes and cookies in home for public consumption.

Proposed law restricts the application of certain provisions of the state Sanitary Code relative to equipment, design, construction, utensils, and supplies for preparation of jellies, preserves jams, cake and cookie products, and honey as long as the proceeds from gross annual sales are less than \$20,000.

Proposed law also requires that the Department of Revenue shall provide to the Department of Health & Hospitals (DHH) the names of any preparers of these products whose gross annual sales equal \$20,000 or more.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Expenditures within the Department of Revenue (DOR) are anticipated to increase as a result of this legislation due to the need for additional formatting on the state's current income tax return form. This data is not currently captured by the Department of Revenue, nor is it captured on the Federal tax return. It is possible to add a self-reporting section to the LA tax return for home preparers of jellies, preserves jams, cake and cookie products, and honey to indicate their business and whether they meet the \$20,000 benchmark set by the legislation. However, this data would be based solely on individual self-reporting and not necessarily verifiable by DOR without individual audits. It is unknown if this data could be tracked via sales tax returns, since information provided by DOR indicates that food sold for home consumption is not normally subject to state sales tax.

Revenue estimates that IT costs to alter current individual tax forms to provide for self-reporting is approximately \$27,500, plus reprogramming costs for 3 entry screens at \$8,000 per form, and a possible modification to the sales tax form at \$35,000. Total IT costs could exceed \$80,000, but would be one-time in nature. These costs estimates reflect opportunity costs of work time, and are typically based on average costs, while the costs of any incremental change is likely lower than these estimates.

It is unclear whether the Office of Public Health (OPH) will have to perform retail food inspections relative to these home preparers since certain food preparation provisions of the Sanitary Code are required, though the rest of the Code's provisions are not required. To the extent that inspections are required to protect consumer safety, SGF costs will increase by an indeterminable amount depending on the number of home preparers of jellies, preserves jams, cake and cookie products, and honey whose gross annual sales are less than \$20,000 to be inspected and the number of complaints filed against them.

REVENUE EXPLANATION

It is anticipated that self-generated revenues within OPH will decrease by an indeterminable amount as a result of this legislation. The current permitting fee for retail food establishments is \$100. The current maximum civil fine for violations of the Sanitary Code relative to food preparation is \$100 per day per violation; however, there is a penalty cap of \$10,000 per year relative to the assessment of civil fines. With the application of this legislation, OPH would lose all revenues associated with the subgroups listed in R.S. 40:4.9 relative to permitting fees and penalties.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

John D. Carpenter
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