

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 337** HLS 13RS 963
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 20, 2013 6:39 PM	Author: LORUSSO
Dept./Agy.: DHH/Public Health	Analyst: Jennifer Katzman
Subject: Retail food establishment fees	

HEALTH/DHH RE INCREASE SG RV See Note Page 1 of 2
 Provides for retail food establishment permit fees

Proposed law codifies into statute current Office of Public Health (OPH) rules within the LA Administrative Code relative to permitting fees for retail food establishments under the State Sanitary Code and also increases the fee schedule by approximately 50%. Permits are required for the following retail food establishments: itinerant retail food stores/markets, markets, mobile food establishments, mobile retail food stores/markets, retail food manufacturers, retail food stores/markets, temporary food establishments, and temporary retail food stores/markets.

Proposed law also requires that OPH fee collections shall not result in a surplus within the retail food program of over \$3 M in any fiscal year.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.		\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$855,115	\$262,115	\$262,115	\$364,115	\$318,115	\$2,061,575
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	\$855,115	\$262,115	\$262,115	\$364,115	\$318,115	\$2,061,575

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.	\$1,658,523	\$1,658,523	\$1,658,523	\$1,658,523	\$1,658,523	\$8,292,615
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	\$1,658,523	\$1,658,523	\$1,658,523	\$1,658,523	\$1,658,523	\$8,292,615

EXPENDITURE EXPLANATION

OPH expenditures are not required to increase as a result of this legislation. However, OPH anticipates using any increased revenues collected in order to centralize and better coordinate the retail food inspection activity within OPH. Anticipated FY 14 expenditures are detailed below:

- \$112,115 - Personnel costs for 1 statewide sanitarian to provide training/educational support to the retail food industry and approximately 215 sanitarians located in 63 parishes. Statewide sanitarian will also serve as single point-of-contact and coordinator for retail food program within OPH and industry retailers. Includes salary & benefits.
- \$25,000 - Travel expenses for statewide sanitarian to provide training and support statewide and costs of annual training conference for approximately 215 sanitarian staff.
- \$25,000 - Operating costs for vehicle maintenance for 215 sanitarians to travel locally & 1 sanitarian to travel statewide.
- \$475,000 - Other Charges costs for a software development contract for a centralized system for all sanitarian programs to schedule and conduct inspections, track permits & food safety certifications, and maintain an inventory database. There is currently no centralized system in place for this purpose, and all functions are scheduled and tracked locally. This is a one-time expenditure in FY 14, which will be reduced to \$100,000 in subsequent years for software hosting, maintenance and support.
- \$172,000 - Acquisition costs to purchase 215 PC tablets for sanitarians (\$800 per tablet). This is a one-time expenditure in FY 14, but 1/3 of the tablets will be replaced each year starting in FY 17 for an annual cost of \$56,000 to keep equipment functional and up to date.
- \$46,000 - Supplies costs to replace current items needed for inspections including food thermometers, laser levels, probes, uniforms. These are one-time costs in FY 14, which will recur every three years in order to replace old supplies (replacement years will be FY 14, FY 17, FY 20, and so on).

\$855,115 - Total expenditures in FY 14

Information provided by OPH indicates that the remainder of the revenues from fee collections will be expended on salaries & related benefits for 17 currently employed sanitarians within the retail food inspection program. Also, under the current fee schedule, OPH already expends more on inspections than it collects in fees. It plans to use the additional SGR to secure funding for these existing salaries and inspections, which will be underfunded in FY 14. **(Cont'd on p. 2)**

REVENUE EXPLANATION

Proposed legislation is anticipated to increase annual SGR revenue within OPH by \$1,658,523 due to an increase to most retail food establishment fees by approximately 50%. Exempted from the fee increase are temporary or special event permits, including fairs and festivals, and nonitinerant retail food stores/markets whose gross annual revenue is less than \$100,000.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" 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}

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CONTINUED EXPLANATION from page one:

\$855,115 - Total expenditures in FY 14

- (\$375,000) - reduced software development expenses after non-recurring one-time expenditures from Other Charges
- (\$172,000) - reduced acquisition costs after non-recurring one-time tablet purchase expenditures from Acquisitions
- (\$46,000) - reduction in supply costs from non-recurring replacement supply expenditures (replaced every 3 years)

\$262,115 - Total expenditures in FY 15 & FY 16

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- \$46,000 - supply replacement expenditures undertaken every 3 years (for food thermometers, laser levels, probes)
- \$56,000 - recurring acquisition costs to replace a third of the sanitarian tablets after 3 years use

\$364,115 - Total expenditures in FY 17

Note: The \$46,000 in supply expenditures for items such as food thermometers, laser levels, probes in FY 17 will be non-recurring in FY 18 and not be required again until FY 20 since these supplies are only replaced every 3 years due to usage, wear, and tear. As a result, total expenditures in FY 18 are only anticipated to be \$318,115 for the personnel costs associated with the statewide sanitarian, travel costs, vehicle maintenance costs, software maintenance, and replacement costs for one third of all sanitarian PC tablets.

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