

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 24** SLS 202ES 46
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ #2 SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: October 13, 2020 2:52 PM **Author:** TALBOT
Dept./Agy.: Revenue/Alcohol & Tobacco Control and Health/Public Health **Analyst:** Patrice Thomas
Subject: Waived and Refunded Fees Due to COVID-19

FEES/LICENSES/PERMITS EG2 DECREASE SG RV See Note Page 1 of 1
 Provides an exemption to certain fees collected by the Louisiana Department of Health and the Office of Alcohol and Tobacco Control. (gov siq) (Item #32)

Under current law, the Office of Public Health (OPH) within the Department of Health (LDH) is authorized to charge an annual permit fee to several types of food establishments and specialty operations. Proposed law provides that any applicant with a permit that was timely paid and effective on March 17, 2020, shall be eligible for either of the following regarding the COVID-19 public health emergency: (1) if applicant temporarily closed operations, a reduction in the amount payment of next regularly scheduled permit renewal fee based on the number of days closed during calendar year 2020; or (2) if applicant permanently closed operations, a refunded permit fee on a pro-rata basis for the number of days closed during calendar year 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	SEE BELOW	\$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>	\$0
Annual Total			\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	\$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>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law creates an increased expenditure exposure as a result of refunding permit fees in FY 21 and eliminates self-generated revenues as a result of waiving permit fees in FY 21 and FY 22. OPH utilizes self-generated revenues to support its regulation of food establishments. OPH reports a loss of self-generated revenue will result in a reduction of its staff, which is compromised of 155 positions in the Sanitation Services program. If OPH is to maintain its current functions and services, an alternative source of revenue would have to be utilized. State General Fund revenue would be the most likely alternative revenue sought for replacement.

REVENUE EXPLANATION

Proposed law will decrease SGR revenue collections in OPH by an indeterminable amount over FY 21 and FY 22. The impact within each fiscal year is not known as it will depend on when renewal fees are due for each individual applicant. Proposed law requires OPH to reduce permit renewal fees based on the number of days the applicant's business establishment temporarily closed operations as a result of the COVID-19 public health emergency, or refund permit fees on a pro-rata basis if applicant's business establishment permanently closed as a result of the COVID-19 public health emergency.

For illustrative purposes, currently, OPH reports 15,000 active restaurant permits and 5,190 active bar permits. OPH reports that 1,079 facilities have closed since March 17, 2020 (see table below) and turned in their operating permit. The average cost of retail food permits issued to restaurants and bars is \$130. If the closed facilities requested a pro-rata refund for 9 months in the 2020 calendar year, OPH may have to refund \$105,203 (\$130/12 months x 9 months x 1,070 closed establishments). The number of remaining establishments that may apply for a waiver of fees is unknown, as is the number of days they remained unable to operate during the 2020 calendar year. The potential revenue reduction is indeterminable but potentially significant.

Projected Reduction Annual SGR Revenues

	# of Establishments	Permit Fee	Total
Restaurant Establishments	15,000	\$130	(\$1,950,000)
Bar Establishments	5,190	\$130	(\$674,700)
Closed Restaurants/Bars	<u>1,079</u>	<u>\$130</u>	<u>(\$140,270)</u>
TOTAL	21,269	\$130	(\$2,764,970)

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Staff Director