



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 748** HLS 24RS 784
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2024 4:40 PM **Author:** DOMANGUE
Dept./Agy.: Louisiana Department of Health/Office of Public Health **Analyst:** Garrett Ordner
Subject: Imported Seafood Safety Fees

SEAFOOD RE INCREASE GF EX See Note Page 1 of 2
 Provides relative to imported seafood safety fees

Present law requires the Louisiana Department of Health (LDH), Office of Public Health (OPH) to charge and collect an imported seafood safety fee of \$100 from each holder of a commercial seafood permit who sells imported seafood and deposit the fee revenues into the Imported Seafood Safety Fund. Proposed law repeals the Imported Seafood Safety Fund, provides that the imported seafood safety fee revenues shall be deposited into the Seafood Promotion and Marketing Fund, and increases the imported seafood safety fee to \$200. Proposed law provides that the imported seafood safety fee revenues deposited into the Seafood Promotion and Marketing Fund shall be used by the Seafood Promotion and Marketing Board (SPMB) for sampling, testing, analyzing, and monitoring raw imported seafood products in coordination with the commissioner of agriculture.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in increased expenditures to multiple agencies to sample, test, analyze, and monitor raw imported seafood products. The FY 25 costs for the Seafood Promotion and Marketing Board (SPMB) are expected to total \$228,095. Costs to the Louisiana Department of Agriculture and Forestry (LDAF) are indeterminable and will depend upon the number of samples tested. These costs will be partially offset by a decrease in costs to the Louisiana Department of Health (LDH) of approximately \$4,275 per year due to the transfer of testing requirements from LDH to the SPMB and LDAF.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law increases the imported seafood safety fee from \$100 to \$200. LDH reports that there are currently 53 holders of an imported commercial seafood license; therefore, the imported seafood safety fee should generate \$10,600 per year in revenues to be deposited into the Seafood Promotion and Marketing Fund. For informational purposes, LDH reports that while the imported seafood safety fee was assessed in July 2023, only 36 imported commercial seafood sellers have paid the fee, resulting in revenues of \$3,600.

Proposed law repeals the Imported Seafood Safety Fund. LDH reports that it currently does not have access to the fund and has therefore been unable to deposit imported seafood safety fee revenues into the fund. As a result, the Imported Seafood Safety Fund currently has a balance of \$0.

For informational purposes, the table below shows the historical revenues and expenditures for the Seafood Promotion and Marketing Fund for FY 21, FY 22, FY 23, and FY 24 through April 11, 2024.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
FY 21	\$148,736	\$261,389	\$307,267	\$102,859
FY 22	\$102,859	\$259,736	\$312,332	\$50,264
FY 23	\$50,264	\$248,113	\$267,048	\$31,329
April 11, 2024	\$31,329	\$192,890	\$194,620	\$29,599

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}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The primary source of increased costs will be the SPMB's reported need for two (2) new positions to implement the requirements of the proposed law. The SPMB reports that these positions will perform inspections of seafood processors and distributors, collect samples of seafood for laboratory analysis, and investigate complaints of unsanitary conditions at seafood processors and distributor sites. Combined, the two positions are expected to cost \$181,430 in salaries and related benefits in FY 25, with that amount increasing by 6% annually. Additionally, the SPMB anticipates costs of \$20,000 per year in travel, supplies, and operating costs, and \$26,665 in FY 25 to purchase a Chevrolet Malibu for use by the employees to travel to seafood processing and distribution sites. Note: It is not clear that the proposed law actually requires the SPMB to perform inspections of the seafood processing and distribution sites; however, this fiscal note assumes that these inspections will be performed as reported by the SPMB.

LDH reports that it currently contracts with Eurofins Scientific to test one sample per month at a monthly cost of \$356.26, or approximately \$4,275 per year. These costs have thus far exceeded the revenue LDH has collected through the imported seafood safety fee, and LDH reports the fee revenues have been supplemented with SGF from the LDH budget. These costs will no longer be incurred once testing responsibility has been transferred to the SPMB and LDAF.

LDAF reports that it currently has sufficient staff and equipment to conduct seafood testing at its agricultural chemistry laboratory. The cost of supplies to conduct seafood testing will depend upon the number of samples tested. Costs per sample will be significantly higher than current LDH testing costs, as LDAF plans to conduct a much more comprehensive battery of tests than is currently done by LDH's contractor Eurofins. When excluding labor costs, LDAF reports that the cost of testing a seafood sample is \$1,290.

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
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