

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 18** SLS 13RS 133

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 17, 2013	7:59 AM	Author: WARD
Dept./Agy.: DHH/OPH		Analyst: Jennifer Katzman
Subject: Application of Sanitary Code to Cake & Cookie Products		

PUBLIC HEALTH

OR INCREASE GF EX See Note

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Provides for cake and cookie products and preparation of cakes and cookies in home for public consumption.

Proposed law prohibits the application of the state Sanitary Code to the preparation of cake and cookie products in the home when made for public consumption as long as the proceeds from the sale of the cake and cookie products are less than \$50,000 annually. The Department of Revenue shall provide to the Department of Health & Hospitals (DHH) the names of any cake and cookie preparers whose sale proceeds equal \$50,000 or more annually, and shall promulgate such rules as necessary.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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 preparers of cake and cookie products to indicate their business and whether they meet the \$50,000 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.

Note: The Office of Public Health (OPH) within DHH currently has a self-reporting revenue form in order to determine the permitting fee relative to retail food establishments. This form is required by OPH in order to issue a retail food permit.

REVENUE EXPLANATION

It is anticipated that self-generated revenues within the Office of Public Health (OPH) will decrease as a result of this legislation by an indeterminable amount. OPH does not currently track the number of home cake and cookies preparers as a subset of the retail food industry. However, the current permitting fee for retail food establishments is \$100 and the fee for a food safety certificate through OPH is \$25. The current schedule of civil fines for violations of the state Sanitary Code relative to food preparation is \$100 per day per violation for Class A, \$75 per day per violation for Class B, \$50 per violation per day for Class C, and \$25 per violation per day for Class D violations; 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 this subgroup 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}

Gregory V. Albrecht
Chief Economist