

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4803-01
Bill No.: HB 1421
Subject: Agriculture and Animals; Department of Health
Type: Original
Date: January 28, 2014

Bill Summary: This proposal allows a cottage food production operation to sell baked goods out of an individual's home without being subject to the state health and food laws and regulations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **City of Independence Health Department (City Health Department)** state baked foods are still capable of transmitting communicable and food borne illness such as Hepatitis A, Shigella, etc. Therefore, there would still be potential outbreaks that would have to be investigated by the City Health Department.

Costs for an outbreak investigation, assuming only one per year, would be approximately \$25,000. This expense would include \$100 each time the City Health Department has to follow-up on a complaint by the public that they see something wrong at the facility. In addition, there would also be hospital, doctor, and lab costs to the people who buy the food and become ill. These estimated costs are unavailable.

In addition, the City Health Department would lose \$100 per establishment for the health permit that covers all of the inspections the establishment would need.

Oversight assumes the potential for outbreaks associated with baked goods to be speculative and is, therefore, not presenting these potential costs in the fiscal note. **Oversight** further assumes the lost revenue from the inspections to be minimal and the loss of this revenue to be absorbable by the health department.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services** and the **Columbia/Boone County Department of Public Health and Human Services** assume the proposal would not fiscally impact their agency.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Harrison County Health Department, Henry County Health Center, Jefferson County Health Department, Linn County Health Department, Madison County Health Department, McDonald County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, St Francois County Health Center and the Tri-County Health Department did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a positive fiscal impact on small cottage food production businesses as they will no longer be subject to inspection and/or inspection fees.

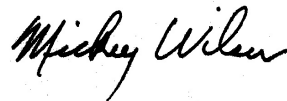
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Joint Commission on Administrative Rules
Office of Secretary of State
Columbia/Boone County Department of Public Health and Human Services
City of Independence Health Department



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Director
January 28, 2014

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January 28, 2014