

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5791-02
Bill No.: HB 1824
Subject: Licenses - Misc.; Health Dept.
Type: Original
Date: April 4, 2012

Bill Summary: Requires all mobile food vendors and the warehouses and commissaries which supply mobile food vendors to be licensed in this state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	(\$24,914)	\$514
Total Estimated Net Effect on General Revenue Fund	\$0	(\$24,914)	\$514

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	0	1.5	2
Total Estimated Net Effect on FTE	0	1.5	2

- 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 2013	FY 2014	FY 2015
Local Government	\$0	\$108,840	\$177,409

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Public Safety - Division of Fire Safety, Johnson County, St. Louis County and Harrison County Health Department** assume the proposal will have no fiscal impact on their organizations.

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.

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 **Adair County Health Department** state that although the proposal would preempt the Health Department's ability to permit, financially there would be little or no effect on total fees. However, the proposal could hurt larger cities with higher permit fees and numbers of mobile vendors.

Officials from the **Department of Health and Senior Services (DHSS)** state mobile food units are not currently required to register or otherwise obtain a permit from DHSS. The actual number of mobile food units that operate in Missouri is unknown. However, for fiscal note purposes, the DHSS estimated 28,000 food establishments in Missouri and estimated that eight percent (2,240) of these are mobile food units. The DHSS estimated that 10 percent (224) mobile food units will be operated by nonprofit organizations. The DHSS also estimated, for fiscal note purposes, that it would conduct inspections on 10 percent (202) of the units and Local Public Health Agencies (LPHAs) would inspect 90 percent (1,814). The DHSS would reimburse LPHAs 60 percent of the license fees (\$60) for mobile food unit inspections through a participation agreement. The DHSS would require one additional district Environmental Public

ASSUMPTION (continued)

Health Specialist V (\$43,344 annually) in St. Louis for training and field inspections, and one Health Program Representative II (\$33,420 annually) to process license applications, handle reimbursement requests from LPHAs and other associated administrative duties in Jefferson City.

In FY13, DHSS would utilize existing staff to develop rules to implement the program and issue no licenses. Therefore, there is no fiscal impact for FY13. In FY14, DHSS would establish the two new full time employees. The HPR II is not expected to have any travel costs. There will be additional travel expenses for inspections and LPHA training for six existing FTE which are estimated at \$1,667 per employee per year (1/3 of normal travel expenses).

Although section 196.671 allows the department, by rule, to increase the license fee if the actual costs of administering exceed \$100, the fiscal note is based on a fee of \$100 because of the unknown length of time it would take for the rule process. A fee of approximately \$163 would be needed to cover the estimated costs. The legislation does not direct where the fee is to be deposited; therefore, it is assumed that the revenues would be deposited into and the expenses paid from the General Revenue Fund.

The DHSS estimates FY 13 costs of \$0; FY 14 costs of \$63,926; and FY 15 costs of \$57,925.

Oversight assumes the DHSS will set the annual license fee for mobile food vendors at a \$100 for licenses issued during state fiscal year 2014 with no proration of fees for partial year licenses. **Oversight** further assumes DHSS will, by rule, increase licensing fees for FY 15 to cover the costs of operating the program and assume the mobile food vendor licensing fee will be approximately \$163.

Oversight assumes the DHSS will require 1 FTE HPR II to process license applications, handle reimbursement requests from LPHAs and perform other administrative duties beginning in FY 14. **Oversight** assumes the DHSS would require 0.5 FTE EPHS V in FY 14 to begin field inspections and then a full FTE EPHS V beginning in FY 15 to conduct training and field inspections as more mobile food vendors obtain annual licenses for the full year. **Oversight** further assumes the DHSS will not need additional rental space for 2 FTE - one in Jefferson City and one in St. Louis.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
§§196.651 - 196.671			
<u>Income - Department of Health and Senior Services</u>			
License and registration fees	\$0	\$201,600	\$328,608
<u>Costs - Department of Health and Senior Services</u>			
Personal service	\$0	(\$55,643)	(\$78,307)
Fringe benefits	\$0	(\$29,457)	(\$41,456)
Equipment and expense	\$0	(\$32,574)	(\$30,922)
LPHA reimbursements	\$0	(\$108,840)	(\$177,409)
Total <u>Costs</u> - Department of Health and Senior Services	<u>\$0</u>	<u>(\$226,514)</u>	<u>(\$328,094)</u>
FTE Change - DHSS	0 FTE	1.5 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>\$0</u>	<u>(\$24,914)</u>	<u>\$514</u>
Estimated Net FTE Change on General Revenue Fund	0 FTE	1.5 FTE	2 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL PUBLIC HEALTH AGENCIES			
<u>Income - LPHAs</u>			
Mobile food vendor inspections	<u>\$0</u>	<u>\$108,840</u>	<u>\$177,409</u>
ESTIMATED NET EFFECT ON LOCAL PUBLIC HEALTH AGENCIES			
	<u>\$0</u>	<u>\$108,840</u>	<u>\$177,409</u>

FISCAL IMPACT - Small Business

This proposal would directly impact small business mobile food vendors as they would be required to be licensed by the Department of Health and Senior Services on an annual basis.

FISCAL DESCRIPTION

This proposal prohibits any person from operating a warehouse, commissary, or mobile food unit without first obtaining a license from the Department of Health and Senior Services. The proposal specifies the licensing requirements, application process, exemptions from licensure, inspections, suspension and revocation of a license, and the \$100 annual licensing fee. The

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

Office of Administration -
 Administrative Hearing Commission
Department of Health and Senior Services
Department of Public Safety -
 Division of Fire Safety
Joint Committee on Administrative Rules
Office of Secretary of State
Johnson County
St. Louis County
Adair County Health Department
Harrison County Health Department



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April 4, 2012