

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4118-04
Bill No.: HCS No. 2 for HB Nos. 1100 & 1421
Subject: Health, Public; Health, Department of
Type: Original
Date: March 12, 2014

Bill Summary: This proposal changes the laws regarding food production.

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 7 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

In response to the previous version of this proposal, officials from the from the **St. Louis County Department of Health (County HD)** stated this proposal may cause the County HD to use staff resources if a foodborne illness investigation occurs. This will take away resources from permitted facilities.

If a foodborne illness breakout occurs, the public's expectation is for the health department to conduct an investigation. This proposal would tie the County HD's ability to conduct a traceback investigation at the place in which the food was prepared. Many health departments in the state enforce the Food and Drug Administration's Food Code which is a best practice model and based on science. In accordance with the Food Code Section 3-201(B), food prepared in a private home may not be used or offered for human consumption. If this proposal passes, it would hinder the public health agency's authority access to inspect the private home where the food is prepared as part of the foodborne illness investigation.

Oversight notes the St. Louis County Health Department did not indicate the potential fiscal impact of this proposal on their organization in their response. As a result, Oversight assumes any potential costs that may be incurred in the event of a foodborne illness outbreak occurs can be absorbed with existing resources.

In response to the previous version of this proposal, officials from the **City of Independence Health Department (City Health Department)** stated 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.

ASSUMPTION (continued)

Officials from the **Columbia/Boone County Department of Public Health and Human Services (PHHS)** state the proposal would result in lost revenue to the PHHS. PHHS requires Temporary Food Permits be issued for food events such as those described in the proposal. In 2013, PHHS issued approximately 121 such permits at a cost of \$30 per permit. If this proposal passes, it is estimated that at least half of those events would not require permits, thereby resulting in a loss of at least \$1,950 (60 permits X \$30/permit) in revenue. This would be an annual loss in revenue.

Oversight assumes, for fiscal note purposes, the potential costs associated with outbreaks of food borne illnesses for any particular county to be speculative. **Oversight** further assumes the potential loss in permit revenues that would be lost due to this proposal to be absorbable by the cities and counties that currently require not-for-profits to obtain permits.

Officials from the **Randolph County Health Department (RCHD)** anticipate at least one food borne illness each year due to no regulation on food produced at home but sold at charitable events. There a number of charitable events held each year in the county and the RCHD currently regulates foods sold to the public. One outbreak per year may be a conservative estimate since there would be no oversight on the home facilities to determine if there is adequate refrigeration, if preparation areas are sanitized prior to food contact and that the personnel have any training in food preparation. Food is potentially hazardous if not handled correctly.

In January 2005, the RCHD investigated a food borne disease investigation. The investigation involved three (3) health department personnel for three days each and two days for write-up and follow-up on the occurrence. The total staff time involved equated to 88 hours. Based on an average wage (including benefits) of approximately \$30 an hour, it has been determined that this single outbreak cost approximately \$2,640. Costs could be higher if the charitable event sells food to people from different communities or counties. The particular outbreak discussed was confined to members of a country club event that were listed by the management and contact information was readily available, thereby, reducing the amount of time required for investigation and follow-up.

Officials from the **Miller County Health Center** responded to **Oversight's** request but did not provide a statement of fiscal impact.

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)

In response to the previous version of this proposal, officials from the **Department of Health and Senior Services** and the **City of Jefferson City** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State** did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **health departments**: Audrain County Health Unit, Cole County; Harrison County Health Department, Henry County Health Center, Jefferson County Health Department, Linn County Health Department, Madison County Health Department, McDonald County Health Department, Morgan County Health Center, Nodaway County Health Center, Platte 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 a statement of fiscal impact.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **counties**: Andrew, Audrain, Barry, Bates, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lincoln, Lawrence, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for a statement of 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 may result in minimal savings to small business charities if local public health departments currently require them to purchase permits to serve homemade goods at fundraising events.

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
City of Jefferson City
Columbia/Boone County Department of
Public Health and Human Services
City of Independence Health Department
Miller County Health Center
Randolph County Health Department
Lawrence County
St. Louis County Health Department

Not Responding:
Office of Secretary of State



Mickey Wilson, CPA
Director
March 12, 2014

Ross Strobe
Assistant Director
March 12, 2014