

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 15, 2003

TO: Honorable Jaime Capelo, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1803 by Duncan (Relating to licensing food manufacturers, food wholesalers, and warehouse operators under the Texas Food, Drug, and Cosmetic Act; providing penalties.),
Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB1803, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from GENERAL REVENUE FUND 1	Probable (Cost) from GENERAL REVENUE FUND 1
2004	\$641,740	(\$641,740)
2005	\$641,740	(\$641,740)
2006	\$641,740	(\$641,740)
2007	\$641,740	(\$641,740)
2008	\$641,740	(\$641,740)

Fiscal Analysis

The bill would amend the Health and Safety Code relating to the Texas Food, Drug and Cosmetic Act. The bill amends the definition of “manufacture” to specifically include relabeling of food. The bill would also make it an offense to make a false statement or false representation in a license application under the Act, or in other instruments such as a report or statement to be filed with the Board of Health, the Commissioner, or the department. The bill would make it a prohibited act to operate as a warehouse operator without being licensed, or food wholesaler without being licensed or registered as appropriate. Under the provisions of the bill, a second or subsequent offense of prohibited acts as identified in the Texas Food, Drug, and Cosmetic Act would be punishable as a state jail felony. Such offenses are currently punishable as Class A misdemeanors. The bill would also add authority to license warehouse operators who store food, and register food wholesalers who store food

in a licensed warehouse.

The bill would take effect on September 1, 2003.

The Department of Health states that, although they lack sufficient information to provide an accurate estimate of revenue, they would set fees in amounts sufficient to cover costs. This fiscal note uses data provided on fiscal year 2002 revenue gained from licensing of food wholesalers.

Methodology

The Department of Health (TDH) intends for the changes in statute to be revenue neutral. The change to statute serves to make current practices law. In fiscal year 2002, there were 3,108 food wholesalers licensed at an average fee of \$206.48, for a total of \$641,740. See following example of the probable methodology that will be used to set the fees:

1000 x \$206.48 fee = \$206,480 Wholesalers not using licensed warehouses (license fee)

2108 x \$ 50.00 fee = \$105,400 Wholesalers using licensed warehouses (registration fee)

300 x \$1099.53 fee = \$329,859 Licensed warehouses having an average of 25,000 sq. ft.

Total Revenue = \$641,740.

The cost of processing the licenses and registrations will be absorbed with current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 501 Department of Health

LBB Staff: JK, EB, JRO, KF, MB