

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 9, 2013

TO: Honorable Tracy O. King, Chair, House Committee on Agriculture & Livestock

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1393 by King, Susan (Relating to the use of a home by food production and sales operations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1393, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from Food & Drug Fee Acct 341	Probable (Cost) from Food & Drug Registration 5024	Probable Revenue Gain from Food & Drug Fee Acct 341	Probable Revenue Gain from Food & Drug Registration 5024
2014	(\$133,457)	(\$133,457)	\$65,016	\$31,200
2015	(\$142,479)	(\$142,479)	\$65,016	\$31,200
2016	(\$142,479)	(\$142,479)	\$65,016	\$31,200
2017	(\$142,479)	(\$142,479)	\$65,016	\$31,200
2018	(\$142,479)	(\$142,479)	\$65,016	\$31,200

Fiscal Year	Change in Number of State Employees from FY 2013
2014	2.3
2015	3.0
2016	3.0
2017	3.0
2018	3.0

Fiscal Analysis

The bill would amend Chapters 431 and 437 of the Health and Safety Code, related to the use of a home for food production and sales operations. The bill would allow a primary residence to be licensed as a food manufacturer or retail food service establishment and would prohibit the Department of State Health Services (DSHS) from requiring the business to operate in a space separate from the home's living areas. The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house; otherwise it would take effect September 1, 2013. The bill would only apply to businesses on or after January 1, 2014.

Methodology

The Department of State Health Services (DSHS) indicates they would need 3 additional staff to implement the provisions of the bill, to be hired during the second quarter of the first fiscal year. DSHS indicates that the positions can be absorbed within the agency's current FTE cap. FTE-related costs are estimated at \$149,871 in fiscal year 2014 and \$199,226 each following year. Health and Human Services enterprise support costs, including .03 FTEs, total approximately \$20,456 in fiscal year 2014 and \$20,275 each following year. Other operating costs are estimated at \$96,586 in fiscal year 2014 and \$65,458 annually thereafter. Funds would be drawn evenly from General Revenue Dedicated (GR-D) accounts 341 and 5024. The total GR-D Funds cost is estimated at \$266,914 for fiscal year 2014 and \$284,959 for fiscal year 2015.

Increased revenue is assumed due to anticipated additional licenses and permits. DSHS estimates a total of 504 more firms would become licensed as retail food operations and 600 new firms would become licensed as food manufacturers by the end of the biennium. A biennial license for food operations is \$258; a biennial license for food manufacturing is \$104. It is assumed 1/2 of the firms would receive their licenses in fiscal year 2014 and the remainder in fiscal year 2015. Therefore, the annual revenue from new food operation licenses is estimated at \$65,016 (504 firms x \$258 x 1/2) for GR-D Fund 341; the annual revenue from new food manufacturer licenses is estimated at \$31,200 (600 firms x \$104 x 1/2) for GR-D Fund 5024. Total GR-D revenue is estimated at \$96,216 annually. It is assumed that DSHS would be given appropriation authority from revenue in existing balances in the GR-D accounts to cover the costs in excess of the increased licensing fee revenue.

Local Government Impact

Local governments establish the permitting fees for their jurisdiction. This will likely result in an increase in revenue for local jurisdictions; however, this will be offset by costs for additional staff that will be required to inspect the new firms. Net fiscal impact to local government is not anticipated to be significant.

Source Agencies: 304 Comptroller of Public Accounts, 537 State Health Services,
Department of

LBB Staff: UP, SZ, MB, JTe, KKR, NB