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H.B. 134
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the House

Primary Sponsors: Reps. Gross and Humphrey

Local Impact Statement Procedure Required: No

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Highlights

- The Department of Agriculture (AGR) will incur costs associated with inspecting microenterprise home kitchen operations. The bulk of these costs are attributable to the potential need for additional full-time inspector (Food Safety Specialist 1) positions to do home kitchen inspections. The total costs will be determined once registration begins and AGR can accurately assess inspection needs.
- A portion of these costs will be offset by the registration and renewal fees created by the bill. It provides for a $25 annual registration fee, as well as annual and follow-up inspection fees of up to $50. Additional revenue could be generated through inspection fees and penalties against violators. These fees will be paid into the Food Safety Fund (Fund 4P70).

Detailed Analysis

The bill requires the Department of Agriculture (AGR) Director to ensure the periodic inspection of home kitchens used for food production and sale under a new microenterprise home kitchen operation (MEHKO) registration program overseen by the Division of Food Safety. The bill does not affect cottage food producers. Instead, it expands the types of food permitted to be prepared without needing a food processing license.

AGR will incur new costs for implementing this new registration program, primarily for staffing needs. To offset these and other related expenses, the bill provides for a $25 annual registration fee, and a home kitchen inspection fee of up to $50. (The registration fee is $12.50 if paid within six months of the renewal date.) Registration and inspection fees and fine revenue would be deposited into the Food Safety Fund (Fund 4P70). Fund 4P70 would also be used to cover the operating expenses of the program.

The new costs AGR will incur under the bill primarily come from the need to hire additional inspectors to conduct inspections of the home kitchen operations of MEHKO registrants. This includes the required annual inspection, as well as follow-ups that might be needed. Although the number of individuals that would register under the program is unknown, AGR gave LBO, for the As Introduced version of H.B. 134, an estimate that the Department would need 2.5 full-time equivalent (FTE) positions (Food Safety Specialist 1) to carry out home kitchen inspections. However, given the reduced food products covered in the substitute version of this bill, staffing needs may be less than initially anticipated. The base wage rate for these positions is $26.72 an hour, meaning that the annual costs for the 2.5 FTEs come out to be approximately $139,000, excluding fringe benefit costs associated with the new positions, most notably employer health insurance and pension contributions. Additionally, AGR estimated that there will be $34,000 in yearly vehicle cost associated with employee travel. AGR might also need to find more office space and purchase more equipment to carry out duties related to the MEHKO program.

Finally, the Department may incur some administrative expenses for pursuing violations and preparing for appeals under the process outlined in the bill. In particular, the bill authorizes AGR to levy a fine of up to $75 for food safety violations. However, the fines may be assessed only after an MEHKO registrant is given a warning and an opportunity to correct a violation.

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