

PREPARED BY: Clinton Verner  
 DATE PREPARED: January 29, 2021  
 PHONE: 402-471-0056

**LB 584**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$20,000			
CASH FUNDS		(See below)		(See below)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$20,000</b>	<b>(See below)</b>		<b>(See below)</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 584 would establish the Mobile Food Unit Act within the Department of Agriculture. The legislation would require permits for operation of mobile food units in Nebraska, beginning on July 1, 2022. The legislation states that the Department of Agriculture oversees the permitting of Mobile Food units, conducts inspections, and oversees the implementation of fines and fees related to administration of inspections, permitting, and violation of standards set by the Department of Agriculture. The development of program rules and regulations by the agency would be permissive.

LB 584 would lower the fee schedule for Mobile Food Units under the Pure Food Act. The initial inspection and permitting fee would be lowered from \$86.19 to \$75.00 and the annual renewal fee would be reduced from \$43.09 to \$40.00. Mobile Unit Inspection fee revenues in the Pure Food Cash Fund totaled \$2,770.40 for FY20, any change in the fee structure would have only a minor effect on the total cash fund.

LB 584 creates a permissive \$40 annual inspection fee for mobile food units and a fee for registering Mobile Food Units pursuant to 81-2, 270 Sec. 2. This fee would be remitted to the created Mobile Food Unit Cash Fund and is to be administered by the Department of Agriculture. Using the 215 food trucks registered with the Department of Agriculture, we can estimate at least \$15,000 would be remitted to the Mobile Food Unit Cash fund in initial \$75 permitting fees and \$8,600 in \$40 annual renewal fees - based on the discretion of the Department to fully implement its fee authority.

Existing inspection staff would be used to carry out inspections when the program becomes operational. The cash fund would be used to offset regulatory and administrative expenses. The Department of Agriculture anticipates a one-time cost to update their computing programming of \$20,000. We have no reason to refute their estimates.

Under LB 584, cities, counties and other local governments would be prohibited from imposing more stringent requirements upon mobile food unit operators, charging a fee greater than authorized under state law, establishing different registration expiration dates, or requiring additional permits or fees to operate a mobile food unit. Political subdivisions that charge higher fees will experience a reduction in income, with Douglas County Health Department estimating a loss between \$21,450 and \$32,700 per annum.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 584	AM:	AGENCY/POLT. SUB: State Fire Marshal	
REVIEWED BY: Claire Oglesby	DATE: 1/28/21	PHONE: (402) 471-4174	
COMMENTS: No basis to disagree with State Fire Marshal's fiscal note statement.			

CONTINUED

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 584</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>Douglas County Health Department</b>
REVIEWED BY: Joe Wilcox	DATE: 01/28/2021	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Douglas County Health Department estimate of potential lost <b>County</b> General Fund Revenue from LB 584.		

Please complete ALL (5) blanks in the first three lines.

2021

LB<sup>(1)</sup> 584

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Agriculture

Prepared by: <sup>(3)</sup> Patty Richard Date Prepared: <sup>(4)</sup> 1/27/2021 Phone: <sup>(5)</sup> 402-471-6821

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2021-22		FY 2022-23	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$20,000			
CASH FUNDS				\$24,725
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$20,000</u>			<u>\$24,725</u>

**Explanation of Estimate:**

Section 1 of this bill changes the maximum fee set in the Pure Food Act statute for permits and annual inspections for Food Handling Activity by a Mobile Food Unit. The current maximum for an Initial Permit in statute is \$86.19. This bill lowers that to \$75.00. The current rate charged is \$79.23. This creates a realized loss in revenue of \$4.23/Initial Permit. The current maximum for an No Food Preparation Area/Unit Annual Inspection in statute is \$43.00. This bill lowers that to \$40.00. The current rate charged is \$39.60. This creates a realized gain in revenue of \$.40/Annual Inspection.

The Pure Food Act provides for one license that covers both the Commissary Food Handling Activity and its related Mobile Food Units. The statutory change would lower the maximum rate in statute under the current rate. Rates are currently set at the calculated cost for this activity and adjustments may result in a cash fund balance issue in the near future.

Section 2 creates the Mobile Food Unit Act. Section 4 of this bill requires every mobile food unit in Nebraska to have a permit after July 1, 2022. The fee identified refers to the Pure Food Act permits set by the NDA with a statutory maximum. Based on 215 Mobile Food Units at \$75.00, this would generate approximately \$16,125 in initial permit fees. The department may require an inspection fee not to exceed \$40.00. This would generate approximately \$8,600 in annual inspection fees.

The new permit and inspection fees would be deposited into the Mobile Food Unit Cash Fund created by this legislation.

It is not anticipated that additional inspectors would be required, however one-time computer programming for the new permits would be necessary. The Food Program is funded 50% General fund and 50% Cash Funds as the intent is Consumer Protection and Regulatory in nature, however since there will be no fees generated until after July 1, 2022, the programming is identified as 100% General Funds.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$20,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$20,000	

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**2021**

**LB<sup>(1)</sup> 584**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Fire Marshal Agency

Prepared by: <sup>(3)</sup> Deb Hostetler Date Prepared: <sup>(4)</sup> 01/27/2021 Phone: <sup>(5)</sup> (402) 471-9479

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The Agency does not anticipate a fiscal impact but it is unknown how many inspections of food trucks may be required or how often such an inspection might have to occur.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2021

LB<sup>(1)</sup> 584

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Douglas County Health Department

Prepared by: <sup>(3)</sup> Tim Kelso Date Prepared: <sup>(4)</sup> January 27, 2021 Phone: <sup>(5)</sup> 402-444-7216

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	<u>(-\$32,700)</u>	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

Douglas County Health Department (DCHD) issues permits to approximately 150 mobile food trucks (hereinafter "MFT") annually.

At the time that an application for an annual MFT permit is received, we collect a fee of \$79.23 which is remitted to the State; and, we collect \$518 as the fee for the annual inspections and any additional inspections that are done whenever the unit is at an "event."

We interpret the language of the Bill (LB 584) at Section 5 (2)(a) (page 7, lines 20-22) to limit the amount of fees that DCHD could charge for an inspection to be \$300 (or less) per MFT.

Accordingly, for 150 MFTs, our revenue loss would be calculated as follows:

$\$518$  (current fee) -  $\$300$  (max fee under the bill) =  $\$218$  (reduction in fee per MFT) x 150 MFTs = **\$32,700 in lost revenue per year.**

As we interpret the language of Section 5 (1)(b) the charge for a permit itself (ie not including the fee for the accompanying inspection) is limited to the fee set in section 81-2,270, which under LB 584 would be \$75.00 the first year. As stated above, when DCHD issues a permit, we collect the permit fee (\$79.23) which is then remitted to the State. We assume that that we would remit the \$75 permit fee to the State under this bill as well. Accordingly, we are not including that \$75 permit fee in our calculations. However, if we were allowed to keep the entire permit fee (thus sending no revenue to the State for a permit) our revenue loss would be:  $\$518$  (current fee) -  $\$300$  (max fee) =  $\$218$  (reduction) +  $\$75.00$  permit fee = net reduction of  $\$143$  x 150 units would equal  $\$21,450$  in lost revenue.

I can be reached at 402-444-7216 should you have any questions.

With kindest regards,

**Tim Kelso, J.D.**

Chief, Administration & Finance Division  
Douglas County Health Department

[Timothy.Kelso@douglascounty-ne.gov](mailto:Timothy.Kelso@douglascounty-ne.gov)

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				