



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0806 Introduced on April 30, 2019
Author: Campbell
Subject: Food Subject to Inspection
Requestor: Senate Agriculture and Natural Resources
RFA Analyst(s): Gallagher
Impact Date: November 14, 2019

Fiscal Impact Summary

This bill will have no expenditure impact to the Department of Agriculture's (department) General Fund, Other Funds, or Federal Funds in FY 2019-20 as the agency currently performs food product labeling review as a part of the registration review process.

This bill introduces an annual registration fee by tier levels to facilities that manufacture, process, warehouse or package food. As of October 2019, the department reports that they expect to have 338 registered facilities in Tier 1, 395 in Tier 2, and 99 in Tier 3. This will result in an increase of \$142,500 in FY 2019-20 Other Funds revenue to the department. These funds will be used to cover costs associated with inspecting facilities. Furthermore, this bill permits a \$25 fee for a facility's initial registration verification certificate. The department anticipates approximately 100 new applicants per year, resulting in an additional \$2,500 in Other Funds revenue in FY 2019-20. Once approved, these applicants will be placed in to appropriate tier levels, which will result in an undetermined Other Funds revenue increase beginning FY 2020-21. These funds will be retained by the agency to conduct duties as enumerated in this bill, including food safety inspections which is currently conducted free of charge. These fees will result in a total increase of \$145,000 in Other Funds revenue in FY 2019-20 to the department.

Explanation of Fiscal Impact

Introduced on April 30, 2019

State Expenditure

This bill requires the department to issue a registration verification certificate to persons engaged in manufacturing, processing, warehousing or packaging food and are subject to inspection by the department. Registration verification certificates must be renewed annually and an applicant who renews their registration on or after the first day of March will be assessed a late filing penalty equal to 50 percent of the annual fee associated with the applicant's tier. The department is tasked with establishing three fee tiers based on the level of risk associated with the applicant's activities, the number of employees employed by the applicant, the procedural complexity of inspecting the applicant's business, and the time associated with inspecting the applicant's business. Currently, there are 832 human food facilities registered and under routine inspection by the department. The department currently performs food product labeling review as a part of the registration review process. As such, this bill will have no expenditure impact on the department's General Fund, Other Funds, or Federal Funds.

State Revenue

The department is tasked with establishing three fee tiers based on the level of risk associated with the applicant's activities, the number of employees employed by the applicant, the procedural complexity of inspecting the applicant's business, and the time associated with inspecting the applicant's business. The annual registration verification fees are as follows:

Fee Level	Annual Registration Verification Fee
Tier 1	\$100
Tier 2	\$200
Tier 3	\$300

Furthermore, the department will charge a \$25 fee for a person's initial registration verification certificate, in addition to the annual registration verification certificate fee. These parameters do not apply to facilities regulated by the U.S. Department of Agriculture or the Clemson Livestock-Poultry Health Meat Inspection Division. The department anticipates approximately 100 new applicants per year, resulting in an increase of \$2,500 in Other Funds revenue from initial registration verification fees. Once approved, these applicants will be placed in to appropriate tier levels, which will result in an undetermined Other Funds revenue increase beginning in FY 2020-21. These funds will be retained by the agency to conduct duties as enumerated in this bill, including food safety inspections which is currently conducted free of charge.

As of October 2019, the department reports that they expect to have 338 registered facilities in Tier 1, 395 in Tier 2, and 99 in Tier 3. This will result in an increase of \$142,500 in Other Funds revenue to the department in FY 2019-20. The agency anticipates approximately 100 new applicants per year. Once approved, these applicants will be placed in to appropriate tier levels, which will result in an undetermined Other Funds revenue increase beginning in FY 2020-21. These funds will be used to cover costs associated with inspecting facilities.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director