

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1622 HB	<b>Title:</b> Cottage food operations	<b>Agency:</b> 495-Department of Agriculture
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Agricultural Local	3,450	3,450	6,900	6,900	6,900
Account-Non-Appropriated 126-6					
<b>Total \$</b>	3,450	3,450	6,900	6,900	6,900

### Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1	0.1	0.1	0.1	0.0
<b>Account</b>					
General Fund-State 001-1	6,250	6,250	12,500	12,500	12,500
Agricultural Local	3,450	3,450	6,900	6,900	6,900
Account-Non-Appropriated 126-6					
<b>Total \$</b>	9,700	9,700	19,400	19,400	19,400

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 (2) of House Bill 1622 adds "baked candy and candies made on a stovetop" to the definition of cottage food products.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

By adding baked candies and candies made on a stovetop to the definition of a cottage food product, the Washington State Department of Agriculture (WSDA) assumes an additional 15 application requests per year beginning in FY15 based on industry response. Each applicant must submit an annual \$125 inspection fee, a \$30 license processing fee, and a \$75 public health review fee (total \$230 per application per year). We assume an average yearly increase in cash receipts of \$3450 (15 applications x \$230 = \$3450).

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

In addition to the assumed increase of 15 applications per year, it is also assumed that an additional 10 current licensees would add recipes to their existing applications.

Following the assumption of increased licensure of cottage food operations and increase in current licensee's recipes, an increase of estimated costs, FTEs and time required to review applications are based on the following assumptions:

- Review/evaluation of recipes to ensure they meet the non-potentially hazardous food list
- Data entry of operational information and processing of license application
- Inspection of cottage kitchen operation: kitchen conditions, storage of ingredients and finished products, verification of all restrictions of pets, verification of products and recipes, allergen review, monitoring of actual processing production, report write-up, supervisory review and report processing and one-half hour travel each way.

The following FTE estimates are based on current workload indicators for the Cottage Food Program:

.07 FTE Public Health Advisor 3 for public health review, evaluation of application for products and recipes - 6 hours per application (15 applications x 6 hrs = 90 hours) and 10 current licensees adding more recipes to their current application (10 x 6 hrs = 60 hours)

.01 FTE Customer Service Specialist 2 for application processing - 1 hour per application (15 applications x 1 hr = 15 hours)

.02 FTE Food Safety Officer 2 for inspection of new cottage food operations - 2.5 hours per inspection (15

inspections x 2.5 hrs = 37-1/2 hours)

FTE costs include salaries and benefits, goods and services, travel, computer leasing, and agency indirect (14% of salaries and benefits).

We assume a General Fund State appropriation would be provided to meet program needs beyond the amount of revenue generated from the 15 additional applications.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1	0.1	0.1	0.1	
A-Salaries and Wages	5,600	5,600	11,200	11,200	11,200
B-Employee Benefits	1,900	1,900	3,800	3,800	3,800
C-Professional Service Contracts					
E-Goods and Other Services	600	600	1,200	1,200	1,200
G-Travel	500	500	1,000	1,000	1,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Overhead	1,100	1,100	2,200	2,200	2,200
<b>Total:</b>	<b>\$9,700</b>	<b>\$9,700</b>	<b>\$19,400</b>	<b>\$19,400</b>	<b>\$19,400</b>

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Customer Service Specialist 2	36,756	0.0	0.0	0.0	0.0	
Food Safety Officer 2	53,148	0.0	0.0	0.0	0.0	
Public Health Advisor 3	60,120	0.1	0.1	0.1	0.1	
<b>Total FTE's</b>	<b>150,024</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>

### Part IV: Capital Budget Impact

NONE

N/A

### Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1 (2) would require revision to existing rules within WAC 16-149 to include "baked candies and candies made on a stovetop" as an allowable cottage food product.

Estimated rulemaking is \$5,000 in the first year and this amount is included in the estimated expenditures.