

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5708 SB	<b>Title:</b> Microenterprise home kitchen
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Health	3.6	938,000	938,000	938,000	4.8	1,120,000	1,120,000	1,120,000	3.7	840,000	840,000	840,000
<b>Total \$</b>	<b>3.6</b>	<b>938,000</b>	<b>938,000</b>	<b>938,000</b>	<b>4.8</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>3.7</b>	<b>840,000</b>	<b>840,000</b>	<b>840,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Health	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 485-5716	<b>Date Published:</b> Preliminary 2/10/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5708 SB	<b>Title:</b> Microenterprise home kitchen	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.2	5.9	3.6	4.8	3.7
<b>Account</b>					
General Fund-State 001-1	193,000	745,000	938,000	1,120,000	840,000
<b>Total \$</b>	193,000	745,000	938,000	1,120,000	840,000

### 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:

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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.

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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).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/07/2023
Agency Preparation: Katie Osete	Phone: 3602363000	Date: 02/08/2023
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 02/08/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/10/2023

## Part II: Narrative Explanation

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

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

Section 2(a): The Department of Health (DOH) shall develop and begin a pilot program to allow for Microenterprise Home Kitchens (MHK) operations. Starting July 1, 2024 Local Health Jurisdictions (LHJ's) are authorized to permit up to 100 MHK operations during the first year of the program with the following limits: up to 30 permits for counties with a population over 2,000,000, up to 20 permits for counties with a population between 490,000 and 2,000,000, and up to 10 permits for counties with a population less than 490,000. The limits change to 60, 40, and 20 permits during the second year. The limit changes to 200 permits for all LHJs each year thereafter.

Section 2(3): The State Board of Health (SBOH) shall adopt rules for the authorization, operation, and regulation of microenterprise home kitchen operations by July 1, 2026. SBOH and DOH assume they will work together on required rules.

Section 3(1): DOH must develop a sample permit and form for permit applications.

Section 9: DOH shall compile and maintain, in a manner and format readily accessible by the public, statistics related to the number and distribution of microenterprise home kitchen operations. This section expires June 30, 2026.

Section 10: By July 1, 2026, DOH must submit a report to the legislature reviewing the MHK pilot program and providing recommendations for necessary legislation.

Section 12: This chapter expires December 31, 2028.

Section 13: If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2023, in the omnibus appropriations act, this act is null and void.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

### RULEMAKING

Section 2: SBOH and DOH assume they will work together on the rulemaking to adopt rules for the authorization, operation, and regulation of microenterprise home kitchen operations. Rulemaking is estimated to take 2 years. This is a new model of food service that does not fit within the current food code. SBOH and DOH assume that this will require establishment of a new chapter of rules. The new chapter of rules qualifies as "legislatively significant" under the Administrative Procedures Act, and will require a cost benefit analysis, as well as small business economic impact statement per the Regulatory Fairness Act. SBOH will work in close collaboration with DOH, local health jurisdictions, the hospitality industry, food safety subject matter experts, and diverse communities that may wish to participate in this type of food service model. Rulemaking will also require an environmental justice assessment.

Costs for rulemaking include staff and related costs, board meeting time, travel, and Office of Attorney General support (\$10,000) are:

FY 2024 - 1.2 FTE and \$193,000 (GFS),  
FY 2025 - 1.1 FTE and \$185,000 (GFS)

#### MICROENTERPRISE HOME KITCHENS PILOT PROGRAM

Section 2(1) & 10: MHK Pilot Program: To develop and begin a pilot program to allow for MHK operations, DOH will need four staff from July 1, 2025, through December 31, 2029:

- 1 FTE Environmental Planner 5 to act as project manager. They will handle the requirements of the pilot project, work with legal counsel and ethics board to ensure appropriate safeguards; focus on issues related to zoning, other agency requirements; connection with the Food and Drug Administration (FDA) on food code and safety issues; work with rules team and SBOH to consider language and proper implementation.
- 1 FTE Public Health Advisor 3 to act as food safety specialist. They will handle implementation, inspection and food safety issues; working with local health.
- 1 FTE Management Analyst 4 to act as Community Engagement Specialist. They will handle communications and engagement with unrepresented populations; partner with organizations focused on equity and food security; will work with food industry to reflect business models and impacts.
- .5 FTE Administrative Assistant 3 to help with general admin support for the project; report writing, communications, and webpage maintenance.

Costs for pilot program are:

FY 2025 - 4.8 FTE and \$560,000 (GFS),  
FY 2026 - 4.8 FTE and \$560,000 (GFS),  
FY 2027 - 4.8 FTE and \$560,000 (GFS),  
FY 2028 - 4.8 FTE and \$560,000 (GFS),  
FY 2029 - 2.4 FTE and \$280,000 (GFS)

Total costs for Fiscal Note are:

FY 2024 - 1.2 FTE and \$193,000 (GFS),  
FY 2025 - 5.9 FTE and \$745,000 (GFS),  
FY 2026 - 4.8 FTE and \$560,000 (GFS),  
FY 2027 - 4.8 FTE and \$560,000 (GFS),  
FY 2028 - 4.8 FTE and \$560,000 (GFS),  
FY 2029 - 2.4 FTE and \$280,000 (GFS)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	193,000	745,000	938,000	1,120,000	840,000
Total \$			193,000	745,000	938,000	1,120,000	840,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.2	5.9	3.6	4.8	3.7
A-Salaries and Wages	104,000	469,000	573,000	742,000	556,000
B-Employee Benefits	38,000	178,000	216,000	284,000	212,000
E-Goods and Other Services	37,000	58,000	95,000	42,000	33,000
G-Travel	5,000	5,000	10,000		
T-Intra-Agency Reimbursements	9,000	35,000	44,000	52,000	39,000
9-					
Total \$	193,000	745,000	938,000	1,120,000	840,000

III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
ADMINISTRATIVE ASST 3	50,592		0.5	0.3	0.5	0.4
ENVIRONMENTAL PLANNER 4	89,292	0.5	0.5	0.5		
ENVIRONMENTAL PLANNER 5	98,592		1.0	0.5	1.0	0.8
Fiscal Analyst 2	53,000		0.8	0.4	0.8	0.6
HEALTH SERVICES CONSULTAN 3	75,120	0.5	0.5	0.5		
Health Svcs Conslt 1	53,000		0.5	0.3	0.5	0.4
MANAGEMENT ANALYST 4	82,896		1.0	0.5	1.0	0.8
MANAGEMENT ANALYST 5	91,524	0.2	0.1	0.2		
PUBLIC HEALTH ADVISOR 3	75,120		1.0	0.5	1.0	0.8
Total FTEs		1.2	5.9	3.6	4.8	3.7

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 2(2) – The state board shall adopt rules for the authorization, operation, and regulation of microenterprise home kitchen operations.