

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB2030

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Freitas

**3. Committee:** Agriculture, Chesapeake and Natural Resources

**4. Title:** Food products; sale at farmers markets, farm, or home.

**5. Summary:** This bill amends the Food and Drink Law (§ 3.2-5100 et seq., Code of Virginia) and the Milk, Milk Products, and Dairies Law (§ 3.2-5200 et seq., Code of Virginia) to allow for the unregulated preparation and sale of all food products, milk and milk products that are sold face to face directly to end consumers in Virginia at farmers markets, a farm, or a home as long as the food sold shall be intended only for home consumption and shall contain no inspected meat except for poultry and the consumer is informed that the food is not certified, regulated, or inspected. Food sold under this exception, except for raw, unprocessed fruits or vegetables, may not be used in any food establishment or food processing plant.

The bill amends § 15.2-2288.6, Code of Virginia, to state that no locality shall regulate agricultural activities where the preparation, processing, or sale of food products that are in compliance with the proposed change in law to allow for the unregulated preparation and sale of all food products, milk and milk products that are sold face to face directly to end consumers.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:** Expenditures will not be impacted.

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	(\$46,280)	NGF
2019	(\$46,280)	NGF
2020	(\$46,280)	NGF
2021	(\$46,280)	NGF
2022	(\$46,280)	NGF
2023	(\$46,280)	NGF

**8. Fiscal Implications:** The Virginia Department of Agriculture and Consumer Services (VDACS) collects an annual fee from food establishments that are subject to inspection. Currently, at least 1,157 home kitchen food manufacturers, which are subject to a \$40.00 fee

as provided in Item 97 of HB1500/SB900, are operating in Virginia with state government oversight. The home and farm exception proposed by this bill will exempt these establishments from the annual fee. As a result, total inspection fee revenue will be reduced by \$46,280 annually. The food establishment registration fee partially covers the costs associated with investigations of consumer complaints and disease reports. VDACS will continue to be required to investigate consumer complaints and disease reports involving exempt establishments, the costs for which are currently offset by their food establishment registration fees. The reduction in fee revenue may affect resources available for technical assistance, food safety education, and other non-regulatory activities.

**9. Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services; localities.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** Item 97 of HB1500/SB900 includes budgetary language to amend the current food establishment inspection fee. Currently, all food establishments are charged a \$40.00 inspection fee. The introduced budget bill establishes a tiered structure based on the establishment's square footage, with a maximum fee of \$575. According to VDACS, the home kitchen food manufacturers addressed in this bill will remain subject to a fee of \$40.00. With the tiered fee structure and increased charge, additional revenue is expected to be collected for the program.