

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB1289

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

2. Patron: Kory

3. Committee: Labor and Commerce

4. Title: Humane Cosmetics Act; civil penalties.

5. Summary: Prohibits testing cosmetics on animals in the Commonwealth effective July 1, 2021. The bill also prohibits the sale in the Commonwealth effective July 1, 2023, of any cosmetic that was developed or manufactured using animal testing on or after July 1, 2021. Violations are subject to a civil penalty not to exceed \$10,000.

6. Budget Amendment Necessary: Yes, to Item 102 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$925,000	10	General Fund
2022	\$1,060,000	10	General Fund
2023	\$1,060,000	10	General Fund
2024	\$1,060,000	10	General Fund
2025	\$1,060,000	10	General Fund
2026	\$1,060,000	10	General Fund

7b. Revenue Impact: Indeterminate.

8. Fiscal Implications: This bill prohibits a person from conducting or contracting for cosmetic animal testing in the Commonwealth effective July 1, 2021, and prohibits a person from selling, offering for sale, or transporting any cosmetic product that was developed or manufactured using cosmetic animal testing effective July 1, 2023. At this time, the number of retailers requiring inspection is unknown; however, it is likely to encompass any retailer who sells cosmetics. The bill requires that the Commissioner of VDACS certify a final order for a violation of the bill's provisions. Because of the scope of potential entities impacted and the size of the proposed civil penalty, the department assumes this bill is establishing an enforcement program and this is reflected in the fiscal impact estimates. As such, this bill is anticipated to have an expenditure impact on the agency. The revenue resulting from the civil penalties, which will be deposited to the Weights and Measures Fund, is indeterminate. Under the provisions of the bill, the administration of this new effort cannot be paid from the Weights and Measures Fund.

VDACS estimates that the bill will have a fiscal impact of approximately \$925,000 in the first year of implementation in order to build the program infrastructure. In the first year, a one-time cost of \$700,000 is expected to develop a database to track inspections and investigations. In addition, in FY 2021, \$225,000 is required to allow employees to be hired and trained three months before the effective date of July 1, 2021. The agency estimates the need for ten positions, including nine inspectors and one supervisor, to conduct inspections at retail locations to ensure compliance and investigate violations. The positions will have an annual cost of approximately \$900,000 beginning in FY 2022. This figure is based on salary and operating costs of existing positions in the agency's other regulatory programs. Annual maintenance costs for the database are estimated at \$160,000, bringing the total impact to \$1,060,000 in FY 2022 and beyond.

The bill provides for civil penalties, up to \$10,000 per violation, to be paid to the Weights and Measures Fund. The Weights and Measures Fund, as established by §3.2-5628, Code of Virginia, "shall be used only for the purposes of administering and enforcing [Chapter 56] and Chapter 57 (§ 3.2-5700 et seq.) of this title." As written, the provisions of this bill would not be part of the aforementioned chapters and, as such, moneys in the Weights and Measures Fund cannot be used to enforce the provisions of the bill. At this time, the revenue impact related to civil penalties is unknown.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.