



Senate Fiscal Agency
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Senate Bills 353 and 354 (as introduced 4-13-21)
Sponsor: Senator Curtis VanderWall
Committee: Regulatory Reform

Date Completed: 4-13-21

CONTENT

Senate Bill 353 would amend the Food Law to provide various fee waivers for license or registration applications submitted during the licensing year that begins May 1, 2021, and ends at midnight on April 30, 2022.

Senate Bill 354 would amend the Public Health Code to specify that a provision that allows a local governing entity to fix and require the payment of fees for local health department services would apply except as provided in Senate Bill 353.

The bills are tie-barred.

Senate Bill 353

Section 3119 of the Food Law generally requires an applicant for a food service establishment license to pay to the local health department having jurisdiction fees for services required under the Public Health Code and a State license fee as specified in the Law. The local health department must collect a State license fee when an application for a food service establishment license is submitted, and must remit that fee to the State within 60 days after it is collected. The bill would prohibit the Department of Agriculture and Rural Development (MDARD) or a local health department from charging or collecting a license fee for a license application submitted at any time during the licensing year that begins May 1, 2021, and ends at midnight on April 30, 2022.

The Food Law requires MDARD to impose licensing fees for each year or a portion of the year, as specified, on retail groceries, extended retail food establishments, food processors, limited food processors, mobile food establishments, temporary food establishments, special transitory food units, mobile food establishment commissaries, food warehouses or vending company base locations, and food service establishments. The bill would prohibit MDARD from charging or collecting these license fees, or a late fee for an initial license application or a renewal license application submitted at any time during the licensing year that begins May 1, 2021, and ends at midnight on April 30, 2022.

The Law requires a water bottler or water dispensing machine owner to register with MDARD each brand of bottled water with a unique declaration of the identity before the sale or offering for sale of the water. The application must include a registration fee of \$25 for each brand of water with a unique declaration of identity and \$25 for each water dispensing machine. The Department must assess a \$25 late fee for bottled water or water from a water dispensing machine that is sold or offered for sale without registration.

The bill would prohibit MDARD from charging or collecting from a water bottler or water dispensing machine owner a registration fee or late fee described above at any time during the registration year that begins May 1, 2021, and ends at midnight on April 30, 2022.

Senate Bill 354

The Public Health Code allows a local governing entity, or in the case of a district the district board of health, to fix and require the payment of fees for services authorized or required to be performed by the local health department. Under the bill, this would apply except as provided under Section 3119 of the Food Law.

MCL 289.3119 et al. (S.B. 353)
333.2444 (S.B. 354)

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bills would have a significant fiscal impact on MDARD and local public health departments. According to MDARD, the revenue that it would be prohibited from collecting would result in a loss totaling approximately \$5.0 million to the Department's Food and Dairy Division, Central Licensing, Laboratory Services and other MDARD central support units, which could result in staff reductions and reductions in educational and outreach programs to the food service industry. In the Governor's recommendation for the fiscal year 2021-22 budget, these fees represent support of \$5,461,600 for the Food and Dairy Division, \$440,300 for the Central Licensing unit, \$74,000 for the Laboratory, and \$175,100 for central Department support. The fee revenue covers approximately 28% of the cost of MDARD's food safety programs.

As far as the fiscal impact of the bills on the approximately 45 local public health departments, it would vary by individual department and could take time to ascertain. In many cases, however, food service license fees support 50% to 75% of the cost of supporting food safety activities at the local level, so the bills could have a greater fiscal impact on local food safety activities than on State government.

Fiscal Analyst: Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.