

Legislative Analysis



FOOD SERVICE ESTABLISHMENT FEES

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Senate Bill 506 (S-1) as passed the Senate
Sponsor: Sen. Veronica Klinefelt
Committee: Appropriations
Complete to 10-9-2023

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 506 would amend the Food Law (2000 PA 92) to extend a sunset for certain food service establishment licensing fees to December 31, 2027. If the sunset is not extended or eliminated, authority to collect the fees will end on December 31, 2023.

MCL 289.3119, 289.4103, and 289.4117

BACKGROUND:

Under the Food Law, the Michigan Department of Agriculture and Rural Development (MDARD) has responsibility for a food service establishment regulatory program. There are approximately 35,000 *food service establishments* in Michigan.¹ Actual regulatory program work is delegated to local public health departments, which perform plan reviews, conduct inspections, process license applications, take enforcement actions, investigate complaints, and conduct foodborne illness outbreak investigations.

Local health departments establish fees for local food service establishment inspection programs. Except for Special Transitory Food Unit licensing fees, described below, the Food Law does not establish the amount of these local fees. However, section 3119 of the Food Law establishes state fees that are in addition to local public health licensing fees. These state food service establishment licensing fees are collected by the local health department, remitted to MDARD, credited to the state restricted Dairy and Food Safety Fund, and used for MDARD food safety programs, as appropriated.

Note that, in addition to the section 3119 fees shown in the table below, section 4103 of the Food Law provides for an additional \$2 fee to be added on to the food service establishment fees listed below for credit to the Industry Food Safety Education Fund for food safety training and education.

FISCAL IMPACT:

Senate Bill 506 is a budget implementation bill. The enacted FY 2023-24 MDARD budget assumes the continued authority to collect the licensing fees, as shown below. If the sunset is not eliminated or extended, the authority to collect certain food service licensing fees would expire on December 31, 2023. On an annual basis, the fees generate approximately \$843,000.

¹ *Food service establishment* is a defined term in the Food Law: <http://legislature.mi.gov/doc.aspx?mcl-289-1107>

Food Service Establishment Fees under Section 3119		Average Revenue*
Temporary food service establishment	\$4	\$30,000
Food service establishment	\$25	\$800,000
Mobile food establishment commissary	\$25	\$11,000
Special transitory food unit	\$39	\$2,000
* These figures represent a rounded four-year average (2019-2022). This fee schedule was last adjusted in March 2018, as a result of amending legislation, 2018 PA 92.		

The bill does not increase section 3119 food service establishment fees, or otherwise change the fee structure.

In addition to extending the sunset associated with the food service establishment fees, the bill would also strike a provision that currently sets the amount of a local health department fee (as opposed to the state licensing fee) for the licensing of special transitory food units. This appears to be the only local food service establishment fee currently established in the Food Law. MDARD indicates that striking the provision would simply allow each local health department to set its own fees with respect to special transitory food units—a term the bill would revise to simply “Transitory food unit.”

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.