



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0506	Amended by the Senate on March 10, 2021
Author:	Kimbrell	
Subject:	Home-Based Food Products	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Miller	
Impact Date:	February 15, 2022	

Fiscal Impact Summary

This bill allows home-based food production operations to sell to online and mail order, or to retail stores, including grocery stores and defines non-potentially hazardous food as food that is not potentially hazardous.

This bill as amended will increase General Fund expenditures by \$588,000 in FY 2022-23 for DHEC to add 4.5 FTEs and for office equipment and a program database. Expenses will decrease to \$458,000 each year thereafter.

Explanation of Fiscal Impact

Amended by the Senate on March 10, 2021

State Expenditure

This bill allows home-based food production operations to sell to online and mail order, or to retail stores, including grocery stores and defines non-potentially hazardous food as food that is not potentially hazardous. Additionally, this bill requires DHEC to provide an identification number to home-based food production operators who do not wish to include a personal address on the label. Home-based food production operations making less than \$1,500 in net earnings are not subject to these provisions. This bill takes effect upon approval of the governor.

Currently, home-based food production operations may sell non-potentially hazardous food directly to a person. Non-potentially hazardous food is defined as candy and baked goods that are not potentially hazardous foods. Additionally, home-based food products are subject to minimal oversight by DHEC, and home-based food production operations making less than \$500 in net earnings are not subject to these provisions. This bill expands the definition of non-potentially hazardous food and to whom home-based food production operations may sell these foods. Additionally, this bill expands DHEC's supervisory responsibilities over these home-based food production operations.

DHEC anticipates needing 4.5 FTEs to support the additional responsibilities as outlined in the bill. DHEC plans to hire four additional Program Manager IIs at \$58,000 per employee and 0.5 Program Manager I at approximately \$35,000. DHEC anticipates the fringe for these 4.5 FTEs will total \$118,000 annually. Therefore, this bill will result in an increase of General Fund

expenditures by approximately \$385,000, annually, beginning in FY 2022-23, for DHEC to hire 4.5 new FTEs. Additionally, DHEC anticipates an additional non-recurring increase of General Fund expenditures totaling \$130,000 to set up a database to provide unique identifying numbers for home-based food operations and to track complaints, and to provide for the initial set up of the office, equipment, and travel needs for this program. Further, DHEC plans to spend approximately \$73,000 annually to support and maintain the database as well as provide office supplies and maintain equipment and other tasks. Therefore, this bill will result in an increase in General Fund expenditures totaling \$588,000 in FY 2022-23, and \$458,000 annually beginning in FY 2023-24.

State Revenue

This bill as amended does not alter current fines and fees for DHEC. Therefore, this bill will have no revenue impact.

Local Expenditure

N/A

Local Revenue

N/A

Amended by Senate Agriculture and Natural Resources on March 2, 2021

State Expenditure

This bill allows home-based food production operations to sale to online and mail order, or to retail stores, including grocery stores and defines non-potentially hazardous food as food that is not potentially hazardous. Additionally, this bill requires DHEC to provide identification number to home-based food production operators who do not wish to include a personal address on the label. This bill also specifies that DHEC may implement a fine of \$100 per violation for repeated non-minor violations. Home-based food production operations making less than \$1,500 in net earnings are not subject to these provisions. This bill takes effect upon approval of the governor.

Currently, home-based food production operations may sell non-potentially hazardous food directly to a person. Non-potentially hazardous food is defined as candy and baked goods that are not potentially hazardous foods. Additionally, home-based food products are subject to minimal oversight by DHEC and home-based food production operations making less than \$500 in net earnings are not subject to these provisions. This bill expands the definition of non-potentially hazardous food and to whom home-based food production operations may sell these foods. Additionally, this bill expands DHEC's supervisory responsibilities over these home-based food production operations.

DHEC anticipates needing 4.5 additional FTEs to support the additional responsibilities as outlined in the bill. DHEC plans to hire four additional Program Manager IIs at \$58,000 per employee and 0.5 Program Manager I at approximately \$35,000. DHEC anticipates the fringe for these 4.5 FTEs will total \$118,000 annually. Therefore, this bill will result in an increase of General Fund expenditure by approximately \$385,000, annually, beginning in FY 2021-22, for

DHEC for 4.5 new FTES. Additionally, DHEC anticipates an additional non-recurring increase of General Fund expenditures totaling \$130,000, to set up a databased to provide unique identifying numbers for home-based food operations and to track complaints, and to provide for the initial set up of the office, equipment, and travel needs for this program. Further, DHEC plans to spend approximately \$73,000 annually to support and maintain the database as well as provide office supplies and maintain equipment and other tasks. Therefore, this bill will result in an increase in General Fund expenditures totaling \$588,000 in FY 2021-22, and \$458,000 annually beginning in FY 2022-23.

State Revenue

This bill creates a new fine that DHEC may apply for repeat non-minor violations for home-based food product operations. DHEC will need further guidance, either in code or by regulation, to determine what constitutes a non-minor violation. Additionally, the application of the fine is at the discretion of DHEC; and therefore, the potential number of fines is unknown. Additionally, it is unclear, whether the revenue from this newly created fine will go into the General Fund or into Other Funds to support the program. Therefore, this bill will result in an undetermined increase in General Fund and/or Other Funds revenue due to the implantation of this fine.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director