

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7291**

**BILL NUMBER:** HB 1309

**NOTE PREPARED:** Feb 10, 2009

**BILL AMENDED:**

**SUBJECT:** Home-Based Processors and Microprocessors.

**FIRST AUTHOR:** Rep. Blanton

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes a program to allow home-based processors and microprocessors to prepare and sell certain food products. The bill establishes requirements for home-based processors and microprocessors. It also establishes certification requirements for home-based microprocessors.

The bill requires the Purdue University Cooperative Extension Service to provide training programs for home-based microprocessors.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** This bill establishes requirements for food manufactured and sold by home-based processors and microprocessors that are to be enforced by the State Department of Health (SDH). Regulation requires certification and annual inspections of processing facilities and the sampling and testing of foods produced by these processors under certain conditions. SDH is required to order cessation of production if an imminent health hazard is determined to exist. SDH is also required to adopt rules regarding the processing, equipment, materials, and layout of the facilities that are to govern certified home-based microprocessors and processors. These provisions will increase the workload of SDH.

SDH currently inspects processing facilities other than home-based microprocessors and processors and regulates their activities to prevent health hazards. SDH reports that in order to provide the certification and regulation program, they would require additional staff and resources. They estimate requiring 8 to 10 field staff and 2 to 3 support staff to handle the workload of processing certification requests as well as inspecting additional producers. The costs to provide the estimated staff, fringe benefits, and other indirect costs are

expected to be between \$515,000 and \$665,000 for FY 2010 and from \$504,000 to \$652,000 for FY 2011. These costs do not include the costs of travel that would be required as part of regulating the home-based processors and microprocessors.

**Background Information:** Kentucky has a similar program in which the Kentucky Department of Food Safety provides regulation and oversight and the University of Kentucky provides training to processor operators. Program administrators from Kentucky reported that individuals wishing to receive certification and maintain certification must attend a workshop every three years in which they receive training regarding food safety standards and safe food manufacturing. The costs for these workshops are \$50 per person who requests certification and \$10 per person to audit the course and not request certification. Additionally, at the end of the workshop, participants are asked to submit recipes they will use at their home-based processors and microprocessors. The University of Kentucky charges a \$5 nominal fee for recipe review, which covers recipe approval expenses.

In Kentucky, home-based processors that specialize in low-risk food products are required to register with the Department of Food Safety, but are not assessed a registration fee. These processors are not routinely inspected, but Kentucky reports there is a considerable amount of in-office program and administrative human resource work dedicated to the non-fee generating activities. Once individuals that operate home-based microprocessors that produce high-risk food finish training offered by the University of Kentucky, they apply for certification and pay certification fees. The certification fee is \$50 paid annually. Kentucky has 130 home-based microprocessors who are inspected every two years by the Department of Food Safety.

The Kentucky Department of Food Safety also reports that the average administrative time to process requests for certification is approximately 10 hours per facility per year. This estimate does not include travel time, but reflects only administrative time processing certification requests. Depending on administrative decisions by the State Department of Health, these costs may reasonably be experienced if implemented in Indiana.

The University of Kentucky's training program requires a single staff person to provide necessary training in four different parts of the state. Purdue University may require similar diversions of resources in order to provide training required in the legislation. Actual increases in workload for Purdue staff would depend on decisions made by administrators.

**Explanation of State Revenues:** Both Purdue University and the State Department of Health may see increases in revenue paid from training course fees and certification fees. Actual revenue will depend on fees that are established, as well as the demand for training courses and certification for home-based processors and microprocessors.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** SDH; Purdue University.

**Local Agencies Affected:**

**Information Sources:** Scott Gilliam, SDH; Sandra Bastin, The University of Kentucky; Mark Reed,

Kentucky Department of Food Safety.

**Fiscal Analyst:** Bill Brumbach, 232-9559.