

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB1506 (Proposed House Committee Substitute)

**SHORT TITLE:** Food Establishments/Sanitary Requirements

**SPONSOR(S):** Rep. Weiss

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>
<b>REVENUES</b>					
Agency Receipts					
DEH portion	\$417	\$417	\$417	\$417	\$417
Local Health Depts. portion	\$833	\$833	\$833	\$833	\$833
<b>EXPENDITURES</b>					
Local Health Depts.	\$14,426	\$14,426	\$14,426	\$14,426	\$14,426
<b>POSITIONS:</b>	.319	.319	.319	.319	.319
<b>See assumptions and methodology</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Environment and Natural Resources, Division of Environmental Health; Local Health Departments.					
<b>EFFECTIVE DATE:</b> July 1, 2001					

**BILL SUMMARY:** This bill amends the Food and Lodging General Statutes to provide that the food sanitation requirements apply to establishments that prepare or serve food for pay to 12 or more regular boarders or permanent houseguests who are disabled or 55 years of age or older.

**ASSUMPTIONS AND METHODOLOGY:**

**Food Sanitation Regulation:** The Division of Environmental Health (DEH) within the Department of Environment and Natural Resources (DENR) issues permits to food and lodging establishments that prepare food for human consumption and provides regulatory oversight and technical assistance to local health departments to ensure the sanitation of food and lodging

establishments. Inspections of these food-handling establishments are performed by environmental health specialists employed by the counties.

Under the present law (G.S. 130A-250), there are a number of establishments that are exempt from the food sanitation regulations. Some of these exemptions include private clubs, condominiums, and establishments that prepare and serve food to regular boarders or permanent houseguests (boarding homes). The State currently classifies unlicensed elderly housing facilities that serve meals to residents as boarding homes and as such they are exempt from the food sanitation requirements and public health inspections.

HB 1506 targets unlicensed elderly housing facilities that serve meals for pay to 12 or more disabled or elderly residents and requires those facilities to comply with the state's food sanitation regulations.

**Revenues:** In accordance with G.S. 130A-248(d), food and lodging establishments in North Carolina that prepare and serve food and drink to the public pay an annual fee of \$25.00 to DENR. The amount of revenue generated by removing the exemption for establishments that prepare or serve food for pay to 12 or more regular boarders or permanent s is the number of establishments affected by the change times the annual fee (revenue = number of establishments X \$25.00).

Because the elderly housing facilities targeted by this bill are unlicensed, the exact number of affected establishments is not known. However, based on surveys with the state's regional Area Agencies on Aging, the North Carolina Division of Aging estimates there are 50 elderly housing facilities that serve food for pay to 12 or more residents that would be required to comply with food sanitation regulations.

**The amount of revenue generated annually on a statewide basis is projected to be \$1,250** (\$25.00 fee X 50 affected establishments = \$1,250). By statute, the fees collected are used for State and local food, lodging and institutional sanitation programs and activities. No more than one-third of the fees collected may be used to support state-level activities. Based on this division, DENR would retain one-third of the fees, or \$417 and distribute the remaining two-thirds, or \$838, to local health departments.

**Expenditures:** For the protection of public health, the Health Services Commission has the authority to adopt rules governing the sanitation of establishments that prepare or serve food and drink. To ensure compliance with these rules, the Commission requires quarterly inspections of these food-handling establishments. The fiscal impact of this bill on expenditures depends on the number of new inspections to be conducted.

Because the quarterly inspections are performed by local environmental health specialists employed by the county health departments, the cost of inspections will be incurred by local governments. No additional cost to the state is anticipated since the number of new establishments to be inspected is very small in comparison to the total number of facilities in the state's inventory of approximately 26,000 establishments.

The following assumptions about an environmental health specialist job were used to develop an expenditure estimate for local governments:

1. There are 230 work days in a year (40 hrs X 52 weeks = 2080 hrs; 2080 hrs/ 8hr day = 260 days; 260 days - 12 state holidays - 12 vacation days - 6 sick days = 230 work days).
2. DEH estimates that an environmental health specialist will spend approximately 20 days completing administrative tasks and training and another 20 days conducting complaint and outbreak investigations, leaving 190 work days to conduct the required quarterly food sanitation inspections.
3. Based on the experience of the Wake County food sanitation program, an environmental health specialist can conduct 3.3 inspections per day including travel time.
4. On average, the number of inspections an environmental health specialist can conduct per year is 627 (190 days X 3.3 inspections = 627 inspections/ per specialist/ per year).
5. The average pay plus benefits of an environmental health specialist is \$43,724 (average salary \$35,000 + medical \$2,256 + SS & retirement (18.48%) \$6,468 = \$43,724).
6. The average annual mileage cost per environmental health specialist is \$1,500.
7. The annual number of new food sanitation inspections is estimated to be 200 (50 establishments affected X 4 quarterly inspections = 200 inspections per year).
8. The number of additional environmental health specialists needed to conduct new inspections is .319 FTEs (200 new inspections / 627 inspection per inspector per year = .319 FTEs).
9. The annual cost of new inspections is \$14,426 or \$72 per inspection [(\$43,724 annual salary & benefits + \$1,500 annual mileage)(.319 FTE) = \$14,426].

**The annual cost to local health departments statewide of the new inspections is estimated to be \$14,426.** However, the fiscal impact per county is much less. Based on the survey conducted by the Division of Aging, the 50 establishments are located in a total of 19 counties. The cost per county ranges from a high of \$2,880 in one county to a low of \$288 for 11 counties.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** May 29, 2000



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