

STORAGE NAME: h1761.frc.doc
DATE: March 25, 2001

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: HB 1761
RELATING TO: Classification and Sale of Eggs and Poultry
SPONSOR(S): Fiscal Responsibility Council and Representative Dockery

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) FISCAL RESPONSIBILITY COUNCIL YEAS 22 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill discontinues the grading and inspection services provided to poultry and egg packing plants by the Department of Agriculture and Consumer Services. The program currently functions under a Federal-State Agreement with the U.S. Department of Agriculture. The Department has recommended an elimination date of January 1, 2002.

The change reflects budget reductions contained within the House Appropriations bill which reduce spending authority of \$578,318 in the Contracts and Grants Trust Fund in the Department of Agriculture and Consumer Services. The annualized savings in fiscal year 2002-03 will total 21 (FTE) positions and \$1,178,070 in the Contracts and Grants Trust Fund. Grading fee receipts would also be eliminated.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Under cooperative agreement with the US Department of Agriculture (USDA), the Department currently provides the poultry and egg grading program for the State. This grading process can be administered by either a state or federal entity. The service is provided to the poultry and egg packing plants that wish to voluntarily display USDA grades on products offered for sale. The program is voluntary and industry funded. This quality assurance program primarily affects the marketing and public perception of the products. If the producer requests the service, it is provided for an hourly charge. Currently, only eleven counties with plants are participating in the program, Pasco, Martin, Hillsborough, Polk, Columbia, Duval, Sumter, Lake, Suwannee, Gadsden, and Okeechobee. Approximately 340 tons of eggs and poultry are graded each year in Florida.

C. EFFECT OF PROPOSED CHANGES:

The bill requires the elimination of the grading and inspection program by June 30, 2002. The full consequences of the deletion will depend upon action by the USDA. There is currently no USDA activity in poultry and shell egg grading in Florida. The Department performs all the work under cooperative agreement with the USDA. The USDA would have to determine when they would bring a federally staffed grading program to Florida. They have such programs in other states.

The industry has expressed a concern that the cost of a federally administered program would exceed the cost the current State-administered program by 20%. However, the Department has advised that the current state assessment falls below the current cost of delivering the service to the industry.

According to the Department, elimination of this program will not reduce food safety requirements. State food safety inspectors standardized by the US Food and Drug Administration will continue to visit the poultry and egg establishments to inspect for sanitation and food safety requirements. These safety requirements will not change.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 583.052, F.S., to prohibit Federal-State agreements for poultry egg grading services by June 30, 2002.

Section 2 provides that this act shall take effect July 1, 2001.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. <u>Revenues:</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Recurring Contracts and Grants Trust Fund Poultry & Egg Grading Fees	(578,318)	(1,393,000)
2. <u>Expenditures:</u>		
Recurring - Operating Salaries and Benefits	(421,207)	(21)FTE(868,188)
Other Personal Services	(60,000)	(125,188)
Expenses	(67,111)	(134,223)
Operating Capital Outlay	(30,000)	(30,000)
Special Categories	<u>0</u>	<u>(20,471)</u>
Total – Contracts & Grants Trust Fund	(578,318)	(1,178,070)
Recurring – NonOperating Payments to USDA	<u>(142,500)</u>	<u>(285,000)</u>
Total – Contracts & Grants Trust Fund	(720,818)	(1,463,070)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

None

B. REDUCTION OF REVENUE RAISING AUTHORITY:

None

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

None

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

None

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 20, 2001, one amended was adopted by the Fiscal Responsibility Council to change the prohibition date in section 1 from June 30, 2003, to June 30, 2002.

VII. SIGNATURES:

FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

Staff Director:

Marsha Belcher

David K. Coburn