



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0401.01: Prohibit the sale of lab-grown meat in the state of Montana**

Primary Sponsor: **Braxton Mitchell**

Status: **As Introduced**

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	\$38,965,136	\$1,911,470	\$1,919,491	\$1,907,432
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$38,965,136)</u>	<u>(\$1,911,470)</u>	<u>(\$1,919,491)</u>	<u>(\$1,907,432)</u>
General Fund Balance				

Description of fiscal impact

HB 401 prohibits the sale of cell-cultures edible product, providing penalties, and rulemaking authority. This legislation requires the inspection of all cell-cultured edible products for sale or distribution. The fiscal impact for the Weights and Measures Program, Department of Labor and Industry (DLI), will be rulemaking and technology implementation costs, and personal service and travel costs for the program inspectors to provide services to visit vendors and businesses to complete transfer of samples to the laboratory. A significant fiscal impact is realized with the establishment of a genetic testing laboratory, and personal service and operating costs to conduct testing.

FISCAL ANALYSIS

Assumptions

Department of Labor and Industry

- Section 3 of the bill assigns enforcement provisions to the department. The department estimates that rulemaking costs will be \$25,000 to stand up the new program, perform necessary stakeholder outreach, and to work with experts in fields relating to cell-cultured edible products.
- The Weights and Measures Program will require 10.00 FTE classified as Compliance Specialist 2 to perform inspections, transport products from retail food establishments to the lab for testing, and enforcement of stop sale orders and confiscation of products with a 1.00 FTE Compliance Supervisor to oversee the inspectors. The program will require 3.00 FTE Laboratory Technicians with specialized training in molecular biology to perform the testing with a 1.00 FTE Laboratory Supervisor. A 1.00 FTE Biologist will be required with expertise in gene analysis to interpret results of the genetic testing.
- Costs for salary and benefits for 16.00 FTE will be \$1,397,858 for FY 2026 and FY 2027, \$1,402,438 for FY 2028, and \$1,393,277 for FY 2029.
- The department estimates operating costs such as telephone, copiers, scanners, utilities, minor equipment, supplies, technology costs, rent, and indirect costs will total \$440,325 for FY 2026 and FY 2027, \$443,766

for FY 2028, and \$440,868 for FY 2029. There will be a one-time-only startup operating cost for office equipment and computers of \$28,800.

5. The Weights and Measures Program annual travel costs are \$73,287 for 10 inspectors. Based on this, it is assumed travel for an additional 10 inspectors will run \$73,287 annually.
6. The department will set up a genetic testing laboratory to determine if cell-cultured product is evident. The laboratory will be a dedicated space with proper biosafety measures to include specialized equipment and a ventilation system to control airborne chemicals, prevent contamination, and maintain a safe working environment. The department estimates that the cost of designing and constructing the laboratory will be \$36,655,560. The sterilization autoclave, centrifuges, microscopes, air flow clean benches, and refrigerators required to perform the testing are estimated to cost \$309,964.
7. It is assumed a database will be necessary to store information, track inspections, and provide an ability for inspectors to log information from locations outside the office, produce communications with vendors and provide reporting functions. The Technology Services Division (TSD) at DLI estimates that it will spend 220 hours to complete the technology implementation for this program. This estimate includes work to complete an analysis, design, develop, script, and test of technology to implement the new program. The total IT costs would be \$26,400 (220 hours x \$120 per hour).
8. A revenue source is not indicated within HB 401 and is unknown, therefore the costs of this legislation will directly impact the spending authority and cash of the Weights and Measures Program. Lack of revenue indicates a negative cash impact to the state general revenue fund.

Department of Livestock

9. The definition change in this bill proposal of cell-cultured edible product will have no impact on Livestock regulatory procedures.

Department of Public Health and Human Services

10. The department estimates the promulgation and implementation of the administrative rules would be done by using existing full time equivalent (FTE) within DPHHS.
11. The department would be required to notify all retail food establishments regarding the new statutory provision in HB 401. This initiative will involve the distribution of the notifications via postal service to approximately 9,300 retail food establishments, a figure derived from the current number of active retail food licenses. It is estimated that the one-time cost for postage and materials is \$7,942 in FY 2026. $(9,300 \text{ stamps} \times \$.73 = \$6789 + 9,300 \text{ envelopes} \times \$.124 = \$1,153.20)$

Department of Livestock

12. The definition change in this bill proposal of cell-cultured edible product will have no impact on Livestock regulatory procedures.

Fiscal Analysis Table

Department of Labor and Industry

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	16.00	16.00	16.00	16.00
TOTAL Fiscal Impact	16.00	16.00	16.00	16.00
<u>Expenditures</u>				
Personal Services	\$1,397,858	\$1,397,858	\$1,402,438	\$1,393,277
Operating Expenses	\$593,812	\$513,612	\$517,053	\$514,155
Equipment	\$309,964	\$0	\$0	\$0
Capital Outlay	\$36,655,560	\$0	\$0	\$0
TOTAL Expenditures	\$38,957,194	\$1,911,470	\$1,919,491	\$1,907,432

Funding of Expenditures

Fiscal Note Request - As Introduced
(continued)

General Fund (01)	\$38,957,194	\$1,911,470	\$1,919,491	\$1,907,432
TOTAL Funding of Expenditures	\$38,957,194	\$1,911,470	\$1,919,491	\$1,907,432

Revenues
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

General Fund (01)	(\$38,957,194)	(\$1,911,470)	(\$1,919,491)	(\$1,907,432)
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Department of Public Health and Human Services

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Operating Expenses	\$7,942	\$0	\$0	\$0
TOTAL Expenditures	\$7,942	\$0	\$0	\$0
Funding of Expenditures				
General Fund (01)	\$7,942	\$0	\$0	\$0
TOTAL Funding of Expenditures	\$7,942	\$0	\$0	\$0
Revenues				
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$7,942)	\$0	\$0	\$0

STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
FTE	16.00	16.00	16.00	16.00
TOTAL Fiscal Impact	16.00	16.00	16.00	16.00
Expenditures				
Personal Services	\$1,397,858	\$1,397,858	\$1,402,438	\$1,393,277
Operating Expenses	\$601,754	\$513,612	\$517,053	\$514,155
Equipment	\$309,964	\$0	\$0	\$0
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Revenues				
TOTAL Revenues	\$0	\$0	\$0	\$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$38,965,136)	(\$1,911,470)	(\$1,919,491)	(\$1,907,432)

Technical Concerns

Department of Public Health and Human Services

1. House Bill 401 introduces a new section codified within Title 30 of the Montana Code Annotated (MCA). The bill is unclear regarding enforcement responsibilities. While Chapter 50 of the MCA defines "department" as the Department of Public Health and Human Services (DPHHS), Chapter 30 defines "department" as the Department of Labor and Industry (DOLI). The bill will need to be further clarified to definitively establish the designated department responsible for enforcing the provisions outlined in this bill.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

2/26/2025

Date