



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0853.01: Revise fees for licensed establishments

Primary Sponsor: George Nikolakakos

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

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
Revenues				
General Fund (01)	\$95,576	\$95,576	\$95,576	\$95,576
State Special Revenue (02)	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
Net Impact	<u>\$95,576</u>	<u>\$95,576</u>	<u>\$95,576</u>	<u>\$95,576</u>
General Fund Balance				

Description of fiscal impact

HB 853 proposes to increase retail food establishment fees, wholesale food establishment fees, public accommodation fees, trailer court and campground fees, and pool and spa fees. The bill adds seasonal and year-round categories for pools, mobile food establishment licenses, and defines large, medium and small retail food establishments. The fee increase would create an increase in revenue to the Department of Health and Human Services as well as local health jurisdictions conducting inspections of the establishments.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

1. The table below shows the current establishment fee and the proposed establishment fee in HB 853. Based on the number of estimated licenses per license type, total revenue would increase by \$1,440,165. Much of this funding is deposited to the state special revenue fund to the credit of the local board inspection fund account created in MCA 50-2-108 to complete inspections by local health jurisdictions. HB 853 would increase this amount by approximately \$1,271,073. The general fund would increase by approximately \$95,576 and the state special revenue fund would increase by approximately \$73,516. See table.
2. The current law does not contain medium retail food establishment licenses. Current licensing is 2 employees or less defined as a small retail food establishment, more than 2 employees defined as a large retail food establishment. HB 853 would define a small retail food establishment as no more than 2 employees, a medium retail food establishment as no more than 9 employees and a large retail food establishment having 10 or more employees. The medium retail food establishment number of active licenses in the table was calculated by taking 80% of the total current large retail food establishments and categorizing as medium ($4486 \times .80 = 3589$), keeping the remaining 20% large retail food establishment

($4486 \times .20 = 897$). This is an estimate since current employee count is unknown for any establishment over 2 employees.

3. The mobile food establishment license is a new license that is currently licensed as retail food small and large. The number of active licenses was calculated as 90% of current mobile food establishments as retail food small and 10% retail food large ($1108 \times .9 = 997$) ($1108 \times .1 = 111$). This breakdown is an estimate, as employee count is currently unknown. The 1108 mobile food licenses were removed from the small and large retail food establishment numbers in the table and added to the mobile food lines.
4. 10% of revenue received from retail food and mobile food licensing is retained by the department per MCA 50-50-205. 5% is deposited to the general fund and 5% is deposited to the state special revenue fund created in MCA 50-50-216. This calculation is shown in the table below.
5. 15% of the revenue received from public accommodation licensing is retained by the department per MCA 50-51-204. 11.25% is deposited to the general fund and 3.75% is deposited to the state special revenue fund created in MCA 50-50-216. This calculation is shown in the table below.
6. 15% of the revenue received from campground licensing is retained by the department per MCA 50-52-202. 11.25% is deposited to the general fund and 3.75% is deposited to the state special revenue fund created in MCA 50-52-210. This calculation is shown in the table below.
7. 15% of the revenue received from pool licensing is retained by the department per MCA 50-53-203. The total amount is deposited to the state special revenue fund. This calculation is shown in the table below.
8. 10% of revenue received from food manufacturing licensing is retained by the department per MCA 50-57-205. 5% is deposited to the general fund and 5% is deposited to the state special revenue fund created in MCA 50-57-213. This calculation is shown in the table below.
9. A temporary employee would need to be hired the first year to help switch license types in the data system according to the new definitions. This would take approximately 320 hours at \$20 per hour costing the program approximately \$6,400 ($320 \times \$20 = \$6,400$).
10. The balance of \$67,116 (\$73,516- \$6,400) the first year from the increase in the state special revenue fund would be used on indirect expenditures. There is currently not enough revenue received to completely cover these costs. The balance at the end of the state fiscal year is moved to the general fund. After year two the full amount of \$73,516 would be used to cover indirect costs.

License Type	Proposed Fee	Current Fee	Number of estimated licenses	Current Revenue	New Revenue	Increase In General Fund	Increase In SSR	Increase in SSR to fund LHJ	Increase Total
Retail food small	\$150	\$85	2658	\$225,930	\$398,700	\$8,639	\$8,639	\$155,493.0	\$172,770
Retail food medium	\$225	\$115	3589	\$412,735	\$807,525	\$19,740	\$19,740	\$355,311.0	\$394,790
Retail food large	\$275	\$115	897	\$103,155	\$246,675	\$7,176	\$7,176	\$129,168.0	\$143,520
Mobile food (was retail large)	\$225	\$115	111	\$12,765	\$24,975	\$611	\$611	\$10,989.0	\$12,210
Mobile food (was retail small)	\$225	\$85	997	\$84,745	\$224,325	\$6,979	\$6,979	\$125,622.0	\$139,580
Public accommodation 1-10	\$100	\$40	4851	\$194,040	\$485,100	\$32,744	\$10,915	\$247,401.0	\$291,060
Public accommodation 11-25	\$175	\$80	205	\$16,400	\$35,875	\$2,191	\$730	\$16,553.8	\$19,475
Public accommodation 26+	\$250	\$160	406	\$64,960	\$101,500	\$4,111	\$1,370	\$31,059.0	\$36,540
Campground/Trailer Court 1-10	\$80	\$40	585	\$23,400	\$46,800	\$2,633	\$878	\$19,890.0	\$23,400
Campground/Trailer Court 11-25	\$150	\$60	283	\$16,980	\$42,450	\$2,865	\$955	\$21,649.5	\$25,470
Campground/Trailer Court 26+	\$225	\$120	347	\$41,640	\$78,075	\$4,099	\$1,366	\$30,969.8	\$36,435
Pool seasonal	\$225	\$200	172	\$34,400	\$38,700		\$645	\$3,655.0	\$4,300
Pool year round	\$325	\$200	319	\$63,800	\$103,675		\$5,981	\$33,893.8	\$39,875
Spa seasonal	\$100	\$75	113	\$8,475	\$11,300		\$424	\$2,401.3	\$2,825
Spa year round	\$150	\$75	295	\$22,125	\$44,250		\$3,319	\$18,806.3	\$22,125
Food manufacturing	\$225	\$115	689	\$79,235	\$155,025	\$3,790	\$3,790	\$68,211.0	\$75,790
				\$1,404,785	\$2,844,950	\$95,576	\$73,516	\$1,271,073	\$1,440,165


Fiscal Analysis Table

Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$73,516	\$73,516	\$73,516	\$73,516
Benefits	\$1,271,073	\$1,271,073	\$1,271,073	\$1,271,073
TOTAL Expenditures	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
TOTAL Funding of Expenditures	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
<u>Revenues</u>				
General Fund (01)	\$95,576	\$95,576	\$95,576	\$95,576
State Special Revenue (02)	\$1,344,589	\$1,344,589	\$1,344,589	\$1,344,589
TOTAL Revenues	\$1,440,165	\$1,440,165	\$1,440,165	\$1,440,165
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
General Fund (01)	\$95,576	\$95,576	\$95,576	\$95,576

Effect on County or Other Local Revenues or Expenditures**Department of Public Health and Human Services (department)**

1. Revenue could increase by approximately \$1,271,073 to be paid to local health jurisdictions as inspections are completed. These amounts are specified in the county task orders with the department. Local health jurisdictions receive 85-90% of the revenue from each license type when an inspection of the establishment is completed.


 Sponsor's Initials

3/27/25
 Date


 Budget Director's Initials

3/26/2025
 Date