

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0044S.02I
Bill No.: SB 149
Subject: Food; Department of Health and Senior Services
Type: Original
Date: February 3, 2025

Bill Summary: This proposal modifies provisions relating to food labeling.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General	Could exceed (\$492,254)	Could exceed (\$539,021)	Could exceed (\$548,538)
Total Estimated Net Effect on General Revenue	Could exceed (\$492,254)	Could exceed (\$539,021)	Could exceed (\$548,538)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local School Districts	Up to \$16,000	Up to \$16,000	Up to \$16,000
Local Government	Up to \$16,000	Up to \$16,000	Up to \$16,000

FISCAL ANALYSIS

ASSUMPTION

§§ 196.025, 196.050, and 196.075 - Food product labeling

Officials from the **Department of Health and Senior Services (DHSS)** state the food industry is very regulated which results in a high level of conformance to regulations. DHSS takes enforcement action on $\leq 1\%$ food facilities in the state annually. The average number of manufactured food facilities in the state is 1,650 each year. DHSS does not anticipate total fines exceeding \$16,000 annually.

Oversight notes that violations of section § 196.025 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Missouri Department of Agriculture (MDA)** state this proposal does not have a direct fiscal impact on MDA. The increased food labeling requirements will require all affected food and feed producers, worldwide, to build Missouri-specific label language for their products. Most food and feed manufacturers will choose not to comply with Missouri-specific labeling requirements due to economic reasons, making their food and feed products unavailable to Missouri consumers. The increased signage provision will require all Missouri points of sale of certain fruits and vegetables to build specific signage for the product. This provision puts Missouri points of sale at an economic disadvantage compared to all non-Missouri points of sale.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the MDA.

§ 196.050 - Provisions relating to food labeling

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation would require the DHSS to promulgate specific rules and regulations to govern the label on human food and beverage products sold in Missouri. These rules and regulations would exceed the federal food labeling requirements located within 21 CSR 101.

The Bureau of Environmental Health Services (BEHS) within the DHSS serves as the food safety unit for Missouri and is the regulatory authority who oversee food labels. The development of rules and regulations surrounding food labeling requires a managerial-level staff member who has both food safety knowledge and experience in the writing of technical documents to develop new training materials, draft and administer new regulations, as well as provide educational documentation to industry. Once created, the rules and regulations will also need managerial oversight. BEHS would need to hire one FTE Environmental Program Supervisor (\$82,512), working from the Jefferson City office.

In addition, the proposed legislation would add (4) items to the list of items that would deem a food product to be misbranded. These (4) items focus on labeling requirements for when a product contains bioengineered substances, fruit or vegetables with edible coating, cell-cultivated lab-grown or insect-based meat or meat alternatives, or meat food products vaccinated with messenger ribonucleic acid-based vaccine (mRNA).

Misbranding means that a product has not been labeled in accordance with statutory requirements. The Manufactured Food Program within the Bureau of Environmental Health Services is the regulatory program overseeing manufactured food operations. The program conducts routine inspections on manufacturing facilities. Conducting label reviews is a significant component of the inspection process. The program conducts label reviews based on the federal standards contained within 21 CFR 101.

BEHS is contracted by the FDA to conduct these inspections. As the proposed legislation requirements are not federally mandated, the program could not perform the product label review for the proposed requirements under that funding source so General Revenue appropriation will be needed to implement this proposed legislation. It is unknown how this would affect the overall time inspectors would be in facilities. The bureau currently has 16 staff who perform these inspections, 4 Public Health Environmental Supervisors (\$75,936), and 12 Public Health Environmental Specialists (\$64,824). The program estimates this legislation would increase workload by 15-20%, necessitating new FTE of 2.0 Public Health Environmental Specialists, one in Jefferson City and one in St. Louis, and 1.0 Public Health Environmental Supervisor in Jefferson City.

The DHSS does not have the capability to test products to determine if they contain bioengineered substances, fruit or vegetables with edible coating, cell-cultivated lab-grown, or insect-based meat or meat alternatives, or meat food products vaccinated with messenger ribonucleic acid-based vaccine (mRNA). The cost to test products to determine if they contained these substances or vaccines is unknown.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DHSS.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Attorney General (AGO)** assume any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Newton County Health Department** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local public health agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs – DHSS (§ 196.050) – to test products p. 5</u>	(Unknown)	(Unknown)	(Unknown)
<u>Costs – DHSS/BEHS/DCPH (§ 196.050) p. 3-4</u>			
Personnel Service	(\$240,080)	(\$293,858)	(\$299,735)
Fringe Benefits	(\$148,864)	(\$180,946)	(\$183,302)
Expense & Equipment	(\$103,310)	(\$64,217)	(\$65,502)
Total Costs - DHSS/BEHS/DCPH	(\$492,254)	(\$539,021)	(\$548,538)
FTE Change	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$492,254)	Could exceed (\$539,021)	Could exceed (\$548,538)
Estimated Net FTE Change on General Revenue	4 FTE	4 FTE	4 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL SCHOOL DISTRICTS			
<u>Income – (§ 195.819) – Civil penalties p. 3</u>	<u>Up to \$16,000</u>	<u>Up to \$16,000</u>	<u>Up to \$16,000</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>Up to \$16,000</u>	<u>Up to \$16,000</u>	<u>Up to \$16,000</u>

FISCAL IMPACT – Small Business

This legislation requires specific labeling requirements on every food product sold in Missouri. These labeling requirements would exceed the Federal Labeling Standards that most states operate under. This will result in businesses potentially being required to have two different labels for products: One for products that are sold in Missouri and one for products that will

enter interstate commerce. This could put Missouri points of sale at an economic disadvantage compared to all non-Missouri points of sale. (§ 196.050).

FISCAL DESCRIPTION

Under this act, the Department of Health and Senior Services shall promulgate rules and regulations governing human food and beverage product labels when such products are offered for sale in this state, including standardized front-of-package labeling when products contain high levels of sodium, added sugars, calories, or saturated fats; clearly marked common allergens; and requirements that products disclose the percentage of grains, fruits, or vegetables present in products marketed in certain manners. Rules and regulations promulgated under this act may be more rigid or more stringent than federal law governing such products. (§ 196.050)

Currently, the manufacture, sale, or delivery of misbranded foods, as described in statute, in Missouri shall be prohibited. This act modifies the description of misbranded foods to include: (1) products containing any bioengineered substance or natural flavoring, unless the product's labeling contains a website link or QR code identifying the bioengineered substance or specific natural flavoring; (2) edible coatings on fruits or vegetables, unless the label of such food or any display placed at the point of sale contains a disclosure of such coating or a website link or QR code containing the disclosure; (3) products containing, in whole or in part, cell-cultivated, lab-grown, or insect-based meat or meat alternatives, unless such product is clearly labeled on the front of the package as "LAB-CREATED" or "INSECT-BASED" or a comparable qualifier; and (4) products containing, in whole or in part, meat food products derived from an animal vaccinated with a mRNA-based vaccine, unless the product packaging states "MRNA VACCINATED".

Additionally, this act modifies the fine for the manufacture, sale, or delivery of misbranded foods, among other violations of certain provisions of food, drug, device, and cosmetic safety laws, from a fine of not more than one thousand dollars to a fine of one thousand dollars for each incident or for each prohibited product offered for sale in Missouri. (§§ 196.025, 196.050, and 196.075)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. It will require rental space.

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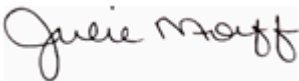
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SOURCES OF INFORMATION

Attorney General's Office
Department of Health and Senior Services
Joint Committee on Administrative Rules
Missouri Department of Agriculture
Office of the Secretary of State
Newton County Health Department



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Director
February 3, 2025



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