

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7087**

**BILL NUMBER:** HB 1196

**NOTE PREPARED:** Jan 3, 2013

**BILL AMENDED:**

**SUBJECT:** Genetically Engineered Food.

**FIRST AUTHOR:** Rep. Forestal

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that, beginning July 1, 2014, any food that is offered for retail sale is misbranded if it is not disclosed that the food is or may have been entirely or partially produced with genetic engineering. The bill provides that, beginning July 1, 2014, a food that is genetically engineered or a processed food may not state or imply that the food is natural. It also establishes exceptions to the disclosure requirements and prohibition on stating a food is natural.

This bill requires the Indiana State Department of Health (ISDH) to administer and enforce the disclosure and labeling requirements and allows the ISDH to adopt rules. The bill also establishes a Class A infraction for violations and allows the ISDH or a person to seek an injunction for a violation.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Summary:* Beginning in FY 2015, this bill will increase the workload of the ISDH to enforce labeling regulations for food that contains genetically engineered and processed foods sold in the state. The ISDH reports that fulfilling this requirement could increase state expenditures between approximately \$600,000 and \$700,000 per year. The increase in state expenditures could be offset, at least in part, by revenue collected from civil penalties assessed against violators.

**Additional Information:** The ISDH reports enforcing provisions of the bill will require an additional eight staff positions worth approximately \$413,000 in salary and benefits. Enforcing provisions of the bill will also increase expenditures to provide office space, computer and communication capabilities, travel budgets, and

training to regulate approximately 41,000 food establishments in the state. The estimates provided by the ISDH do not include any potential costs from laboratory tests that may be necessary to prove or disprove that food is mislabeled.

The bill's requirements represent an additional workload and expenditure on the agency outside of the agency's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

**Explanation of State Revenues:** *Summary:* This bill could increase state revenue from Class A infraction convictions for mislabeling of a food product and civil court fees. Actual increases in revenue are indeterminable.

*Additional Information: Penalty Provision:* Under the bill, violation of the labeling requirements for genetically engineered and processed foods is punishable as a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

*Civil Court Fees:* Under the bill, the ISDH or any person can bring a civil action to enjoin a violation of these food labeling requirements. If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed (\$70 for an infractions judgment), 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana. And proceeds from the automated record keeping fee (\$5) are deposited into the state User Fee Fund.

Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Summary:* This bill could increase local revenue from Class A infraction convictions for mislabeling of a food product and civil court fees. Actual increases in revenue are indeterminable.

*Additional Information: Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

*Civil Court Fees:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of

record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

Persons filing a civil case are also required to pay the following fees that are deposited in local funds.

The document storage fee (\$2) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per document) are charged for preparing transcripts or copies of record or certificate under seal.
- Service fee (\$10) collected from the filing party for each defendant beyond the first cited in the lawsuit.

**State Agencies Affected:** ISDH.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Scott Zarazee, ISDH.

**Fiscal Analyst:** Bill Brumbach, 232-9559.