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FISCAL IMPACT REPORT

SPONSOR HBIC DATE TYPED 2-28-05 HB 681/HBICS

SHORT TITLE Permit for Sale of Food in Public Schools SB _____

ANALYST Collard

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$4,000.0	\$4,000.0	Recurring	Student Wellness Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 61

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

The House Business and Industry Committee Substitute for House Bill 681 establishes a system for issuing permits to vendors as a condition of selling certain food and drink in public schools. The permits would be issued by DOH for an annual fee depending on the type of public school in which the vendor is operating. Fees would be \$250 to operate in a school district with fewer than 200 students. For school districts with more than 200 students, the following fees would apply: \$500 for a school with 200-500 students and \$750 for any school with more than 500 students. Vendors with fewer than 10 vending machines in the state would be exempt from the fee and schools or school districts that own or lease vending machines prior to January 1, 2005 would also be exempt as long as the number of machines they have does not increase. Also exempt from the bill are nonprofit organizations temporarily selling food or drink in public schools, such as PTAs, booster clubs, etc. Revenue would be deposited into a newly created Student Wellness Fund in the State Treasury. Money in the fund would be subject to appropriation by the legislature for school-based health centers (SBHC) and child nutrition and wellness activities.

Priority for funding would go to schools in health care underserved areas and schools where more than 50 percent of students receive free and reduced lunch. DOH and PED are responsible for promulgating rules for application to the fund.

FISCAL IMPLICATIONS

While there is no appropriation contained in this bill, PED and DOH estimate approximately \$4 million will accumulate in the newly created student wellness fund annually. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund, but is subject to appropriation by the Legislature for SBHCs or child nutrition and wellness education activities.

DOH would incur costs to set up and monitor a vendor permit system and provide an application process for use of the fund revenue. DOH indicates this could be done within existing resources.

RELATIONSHIP

The House Business and Industry Committee Substitute to House Bill 681 is related to the vendor permits authorized by House Bill 61 to regulate the competitive foods sold in the vending machines. Regulation of “vended” or “competitive” foods is being addressed by many states due to the concern about the high sugar, fat and caffeine content of such foods and the crisis of obesity in this country. These standards would be promulgated through rules in the departments of health and public education. The rules would be developed by the PED, in collaboration with school districts, nutrition professionals, and other interested persons.

TECHNICAL ISSUES

DOH indicates page 2, lines 7-10 are a duplicate of page 2, lines 21-23.

OTHER SUBSTANTIVE ISSUES

DOH research shows national data indicate that the incidence of overweight and obesity is at epidemic proportions among students. In addition, more than 10 percent of two- to five year-old children and 15 percent of six to nineteen year-olds and adolescents are overweight – double and triple the incidence 20 years ago. Addressing the epidemic of obesity in the United States and in New Mexico requires a multifaceted approach, including improving the nutritional content of foods sold in schools. Foods sold in school vending machines are typically high in fat, added sugar and caffeine.

The standards for competitive foods would be established by regulation, as authorized by House Bill 61, rather than as statute since nutritional standards change with some frequency and regulation could be more easily adapted to reflect current understanding of nutrition. DOH indicates, at present a handful of school districts in New Mexico have required food vendors to meet locally approved standards; Gallup Independent School District is an example.

KBC/lg