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Sent: Tuesday, April 02, 2013 6:40 PM

To: Rep Greenlick; Rep Lively; Rep Clem; Rep Harker; Rep Weidner; Rep Conger

Subject: RE: Fiscal Impact Statement to Proposed HB 3403 with Request for Non-Support

April 2, 2013

Health Care Committee

Subject: **Request for non-support of HB 3403**

Dear Chair Greenlick and Members of the Committee:

I have taken the liberty of developing a fiscal impact statement to proposed House Bill 3403 with the assistance of Compass-USA Vending Group (attached).

Additionally, Blind Employment Services of Tomorrow respectfully requests and encourages your non-support of proposed HB 3403.

Sincerely,

Randy Hauth
Blind Employment Services of Tomorrow, President
Oregon Business Enterprise Consumer Committee, Chairperson
Licensed Blind Vendor
American Council of the Blind - Oregon, MetroPDX Chapter

Fiscal Impact Statement Regarding Proposed HB 3403 – Establishes Nutritional Requirements for food and beverage items sold in public buildings.

Fiscal Impacts:

- 1) A state entity/department in Oregon would need to be designated to coordinate, supervisor, disseminate information, and train staff and/or Oregon vending businesses on the nutritional requirements established in proposed HB 3403 to ensure implementation.

Fiscal Impact:

Additional state funding in Oregon would be needed for staffing and training implementation once state entity/department is designated. This includes making decisions on whether products to be vended are consistent with HB 3403 nutritional standards.

- 2) A state entity/department would need to be designated to address acts of non-compliance to proposed HB 3403 including, but not limited to methods in which non-compliance will be determined; and enforcement actions to be taken against non-compliance.

Fiscal Impact:

On-going state funding needed for compliance and enforcement related to proposed HB 3403 requirements – which includes, but is not limited to the development of policies, Oregon Administrative Rules, inspections schedules, reports, assessed penalties and fine structure, due process requirements, etc.

Should penalties be established as a method of enforcing compliance for proposed HB 3403, a fee structure will need to be developed, as well as a method of revenue collection and a treasury tracking system.

Any penalties developed with regards to non-compliance of proposed HB 3403 will have a fiscal impact to Oregon vending businesses, as this would impose an additional loss of revenue due to the payment of penalties imposed.

- 3) There will be revenues losses to Oregon vending businesses, including Licensed Blind Vendors, state funds, and federal funds, associated with proposed HB 3403.

Fiscal Impact:

Oregon vending businesses, state other funds, and matching federal dollars will experience a loss of revenue associated with proposed HB 3403. Based on vending industry standards, the revenue loss for all areas impacted would be approximately 40%. In dollars, this is equivalent to a conservative estimated amount of \$2,000,000/annually to all Oregon vending businesses serving public buildings, of which the projected losses to the Licensed Blind Vendors is approximately \$200,000/annually, the projected loss to set-aside is approximately \$14,740/annually, and the projected loss to federal matching funds is approximately \$56,012/annually.

Total for statewide losses is conservatively estimated at \$2,270,752.

- 4) Transition period for enactment for proposed HB 3403 and logistical needs.

Fiscal Impact:

There is presently no transition period for enactment established in proposed HB 3403 which fiscally impacts Oregon vending businesses logistical needs due to change and adjustments to product ordering systems and schedules, product volumes, product pricing structures, routes,

increased specialized storage requirements, inventory monitoring systems, staffing adjustments, etc.

- 5) Adverse financial impact to Oregon vending businesses in public buildings versus Oregon vending business in private buildings.

Fiscal Impact:

The proposed HB 3403 creates an inequitable free enterprise system whereas the Oregon vending businesses in public entities would be under state control by the imposed rigorous vending standards, whereas the Oregon vending businesses in private sector are largely free of state control – thus generating an adverse fiscal impact to Oregon vending businesses in the public sector, including Licensed Blind Vendors.

- 6) Imposes limitations on profitability for the Licensed Blind Vendors.

Fiscal Impact:

The proposed HB 3403 has the potential to generate litigation issues due to stringently imposed governmental vending requirements in public buildings, creating an undue financial hardship on Licensed Blind Vendors that adversely limits remunerative employment opportunities in direct contradiction to mandates in federal and state laws.