

**SB**

**271**

**SFIN**

**FILE**

REPORTED OUT OF  
SFC 4/7/00

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/21/00

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 7 April 00

Finance Committee considered

SENATE BILL NO. 271

"An Act relating to fees charged for inspections by the Department of Environmental Conservation; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 271 (FIN)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s) CS forthcoming
- adopt Letter of Intent by \_\_\_\_\_
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>Linda Meen</i>	✓		
<i>[Signature]</i>	✓	<i>Dan Dowdy</i>	✓		
<i>Gary Weber</i>	✓				
<i>Kevin D. Jensen</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>John Darnell</i>	✓	Co-Chair:			

### NEW FISCAL NOTE(S):

Department      Date      Zero      Fiscal

<i>forthcoming</i>			
<i>fin</i>			

### PREVIOUS FISCAL NOTE(S):\*

Department      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSSB 271 (FIN)

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Environmental Conservation  
Title Fees for DEC Food Inspections BRU Environmental Health  
Component Food Safety and Sanitation  
Sponsor Senator Taylor  
Requester Senate Finance Component No. 2343

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel	3.3	0.0	0.0	0.0	0.0	0.0
Contractual	0.5	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>(46.1)</b>	<b>(46.1)</b>	<b>(46.1)</b>	<b>(46.1)</b>	<b>(46.1)</b>	<b>(46.1)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	49.9	46.1	46.1	46.1	46.1	46.1
1005 GF/Program Receipts	(46.1)	(46.1)	(46.1)	(46.1)	(46.1)	(46.1)
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>3.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

This bill exempts certain types of mobile food units from inspections, sets fees for non-profits at 50% of the usual fee, and exempts from inspection fees any food establishment that shares a kitchen with another. These changes in the fee exemptions would result in a net revenue loss of \$46.1.

The small increment is to fund travel and public notice costs for one year for the newly established Food Safety Advisory Group.

Additional detail is attached.

Prepared by: Janice Adair, Director Phone 269-7644  
Division Environmental Health Date/Time 4/7/00 4:19 PM  
Approved by Commissioner [Signature] Date 4-7-00  
Agency Department of Environmental Conservation

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## Analysis of SB 271 (FIN) Fiscal Note

Section 1 of the bill exempts certain types of mobile food units from routine inspections. We estimate there are 58 facilities such as espresso carts that will be exempted. This will result in a loss of approximately (\$3.7) in program receipts.

Section 2 subsection 1 sets the annual fee for all 501(c) organizations at 50% of the fee level for other similar food establishments.

There are 194 501(c)(3) organizations that are currently exempted in the department's regulations from paying a fee although they are permitted and may be inspected. The total fees that would be charged to this group would equal \$78.5, thus 50% of that would be an increase in program receipts of \$39.3.

There are 105 nonprofit establishments organized under other sections of Section 501 of the IRS Code. They current pay a total of \$36.6. 50% of that amount would result in a loss of program receipts of (\$18.3).

The net result of this subsection is \$21.0 in increased program receipts.

Subsection 2 exempts from inspection fees any food establishment that may share a kitchen with another. Although presented as a way to exclude a restaurant with a bar from two inspection fees, this subsection goes much further. It will exempt from inspection fees most caterers, all those food establishments that are owned and operated separately but share a common kitchen to produce a food product, such as candies, and other types of food establishments that share food production areas at different times to undertake very different activities. There are an estimated 600 facilities that will no longer pay an inspection fee under this language, even though they may not have any association with the owner of the "kitchen" they use. The loss in program receipts with this subsection is estimated to be (\$63.4).

Section 3. Food Safety Advisory Group. As written, the Advisory Group does not qualify for the funding available for such activities from the U.S. Food and Drug Administration. Thus, state general funds will be needed as follows:

Public Notices to meet requirements of Open Meetings Act (5 notices)	\$ 500
Estimated travel, per diem and lodging expenses for advisory group members; Five, two-day meetings	\$3,300
Total	\$3,800

**Summary  
SB 271(FIN)**

Revenue loss:	Mobile Units	(\$ 3.7)
	Non-profits	(\$ 18.3)
	Shared kitchens	(\$ 63.4)
Total loss		(\$ 85.4)

Revenue Increase	Charitables	\$39.3
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Total loss program receipts	(\$46.1)	Switched to general funds to avoid inspector layoff
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Increase funding for one year for Advisory Board: \$3.8 GF

**CS FOR SENATE BILL NO. 271(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Offered:  
Referred:

Sponsor(s): **SENATOR TAYLOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to oversight of food establishments by the Department of  
2 Environmental Conservation; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 44.46.020 is amended by adding a new subsection to read:

5 (b) Notwithstanding AS 03, AS 17, or (a) of this section, the Department of  
6 Environmental Conservation may not inspect a mobile food unit unless a complaint has  
7 been made to the department about the mobile food unit with respect to matters within  
8 the jurisdiction of the department. In this subsection, "mobile food unit" means a type  
9 of food service located in a vehicle, trailer, or cart that is capable of easily moving  
10 daily for servicing of water and wastewater holding tanks, that operates out of an  
11 approved commissary, unless it is a self-contained mobile food unit, and that has a  
12 menu that is usually restricted to service of specific food; a mobile food unit, other  
13 than a pushcart, must be capable of being licensed by the state as a motor vehicle and  
14 must be capable of moving without special conditions, such as a pilot car, flagging,

1 restricted hours of movement, or a state motor vehicle permit; except for one ice chest  
 2 and one barbecue grill placed immediately adjacent to a pushcart, a unit is not  
 3 considered as a "mobile food unit" if it does not completely retain its mobility or is  
 4 connected to water or sewer.

5 \* Sec. 2. AS 44.46 is amended by adding a new section to read:

6 **Sec. 44.46.026. Fees related to food establishments.** (a) Notwithstanding  
 7 AS 44.46.025, the department may not

8 (1) with respect to a food establishment owned or operated by an  
 9 organization that is exempt from taxation under 26 U.S.C. 501(c) (Internal Revenue  
 10 Code), charge more than 50 percent of the fee charged to an organization that is not  
 11 exempt from taxation under 26 U.S.C. 501(c) (Internal Revenue Code) for the cost of  
 12 inspection, permit preparation and administration, plan review and approval, or other  
 13 service provided by the department under AS 17.20 for a similar food establishment;

14 (2) charge more than one inspection fee when the department inspects  
 15 more than one food establishment if the food establishments are contained in one  
 16 building and are owned or operated by the same person;

17 (3) exempt a food establishment or type of food establishment from a  
 18 fee under AS 44.46.025 unless authorized by a law specifically referring to  
 19 exemptions.

20 (b) In this section, "food establishment" means the premises where an activity  
 21 occurs that is related to the preparation, processing, packaging, storage, transportation,  
 22 display, sale, service, or salvaging of food for human consumption, except that "food  
 23 establishment" does not include a private dwelling, including a vessel used solely as  
 24 a private dwelling, where food is prepared for consumption by family members or  
 25 nonpaying guests.

26 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section  
 27 to read:

28 **FOOD SAFETY ADVISORY GROUP.** (a) There is established in the Department  
 29 of Environmental Conservation a Food Safety Advisory Group composed of five members  
 30 appointed by the commissioner of environmental conservation and serving at the  
 31 commissioner's pleasure. The commissioner shall appoint one member from each of the

1 following:

- 2 (1) the Cabaret, Hotel, Restaurant and Retailers Association;
- 3 (2) a company that has a food establishment in a rural area of the state;
- 4 (3) a company that has a food establishment that caters to tourists in the state;
- 5 (4) an organization that represents seafood processors in the state;
- 6 (5) an organization that represents small businesses in the state.

7 (b) The Food Safety Advisory Group and the Department of Environmental  
8 Conservation shall meet during the interim in order to jointly develop recommendations to be  
9 made to the legislature by January 15, 2001, concerning the following matters:

- 10 (1) the appropriate time interval between the department's routine inspections  
11 of food establishments;
- 12 (2) the appropriate level of fees that each type of food establishment should  
13 pay toward the cost of the department's oversight of the establishment; and
- 14 (3) whether a flat fee should be assessed on different types of food  
15 establishments based on the risk level of their operations.

16 (c) Members of the Food Safety Advisory Group are not entitled to compensation for  
17 services with the group, but are entitled to per diem and travel expenses authorized for boards  
18 under AS 39.20.180.

19 (d) In this section, "food establishment" has the meaning given in AS 44.46.026.

20 \* Sec. 4. Section 3 of this Act takes effect immediately under AS 01.10.070(c).

21 \* Sec. 5. Sections 1 and 2 of this Act take effect January 1, 2001.

1

## RISK BASED INSPECTION FREQUENCY PROTOCOL

**(Risk Level = # of routine inspections per year)**

Where HACCP is mandatory or being voluntarily followed, only one inspection per year per process/product is a full HACCP inspection.

<b>RISK LEVELS<sup>1</sup></b>	<b>PROCESS/PREPARATION OR CONDITIONS</b>	<b>EXAMPLES</b>
<b>Complaint Only</b>	Ensure minimum health and safety standards are met through plan review and complaint investigation.	Cosmetology; very small bed and breakfasts; public toilets; showers, laundromats.
<b>1</b>	Limited preparation which may include assembling precooked/sliced items; cook and serve; Cold hold and display of prepackaged foods/produce Gill, gut, harvest, package fresh/frozen, (not ready to eat)  Physical, microbial and chemical hazards are generally present	Limited food service; mobile food service; bars/taverns; convenience stores; grocery stores; warehouses; fresh/frozen produce and fish processors.  Campgrounds (no RVs), hotels/motels/lodges; larger bed and breakfasts.
<b>2</b>	Assemble, cook and serve hot or cold hold (No cooling and reheating) Salvage and repackaging Shellfish harvesters Retail processing including meat and seafood slicing, cutting, and wrapping Processing of ready to eat or shelf stable non potentially hazardous foods, including ready to eat fresh produce  Physical, microbial and chemical hazards are present	Delis; food banks; supermarkets; retail seafood and meat markets; bakeries; ice manufacturers; bottled water and other beverages; minced, formulated or salted seafood; candy, jams, jellies and syrup manufacturing; fast food take-out.  RV parks, tattoo parlors, residential care facilities, preschools, elementary and secondary schools.
<b>3</b>	Associated with known toxins (tuna, mushrooms, shellfish) Assemble, cook, cool, hold, and reheat Processing and packaging into ready-to-cook meals All processing of warm-blooded animals  High physical, microbial and chemical hazards	Processing of foods with known toxins; full service restaurants; meat processing (not covered under MPI); labor camps; institutions.  Day care centers and pools/spas.
<b>4</b>	Thermal processing of low-acid foods Reduced oxygen packaging Smoking or curing of ready to eat and shelf stable potentially hazardous foods Pasteurizing	Canning and smoking seafood, meats; roe processing; low-acid canning; any processor that ROPs.

<sup>1</sup> Considerations that may increase or decrease the number of annual routine inspections:

Add one inspection per year for food facilities:

- The facility is an institution that accepts donations of traditional Native foods;
- The targeted population served by the facility is 1) children; 2) elderly; or 3) immunocompromised;
- The facility serves donated traditional Native foods;
- The facility has a scored inspection of 84 or below;
- The facility has a non-scored inspection and has 3 or more critical violations OR 2 or more critical violations AND 2 or more repeated noncritical violations;
- The methods of food preparation at a food service establishment are complex (that is, there are a number of food items or ingredients are prepared in advance requiring cooling and reheating); or
- The facility serves more than 500 meals (500 patrons if a market) per day.

Add one inspection per year for public facilities if:

- Three or more critical violations during last routine inspection
- Secondary school has an industrial arts program.

Deduct one inspection per year for a food facility if:

- The facility has a scored inspection of 94 or above and no critical violations for two consecutive inspections;
- The facility has a non-scored inspection with no critical violations and no more than 4 non-critical violations for two consecutive inspections;
- The facility is a participant in good standing in the Division's facility recognition program; or
- The facility has a sufficient HACCP plan that is being fully implemented.

Deduct one inspection per year for a public facility if:

- No critical violations during last two consecutive inspections.

3/17/00 9:47 AM

INSPECTION RISK LEVELS BY OFFICE

Office	# of Inspectors	Risk Level 0	Risk Level 1	Risk Level 2	Risk Level 3	Risk Level 4	Total Risk 2-4	Average Facilities per Inspector
Anchorage	4	24	968	329	396	239	964	241
Fairbanks	3.6	182	898	370	439	118	927	258
Juneau	2	40	413	228	86	59	373	187
Ketchikan	2	35	328	274	127	44	445	223
Kodiak	1	12	143	88	44	16	148	148
Nome	1	28	125	59	72	43	174	174
Palmer	2	79	587	204	198	59	461	231
Sitka	1	21	172	87	102	25	214	214
Soldotna	3	31	866	367	246	37	650	217
Valdez	1	20	228	54	75	32	161	161
	20.6	472	4728	2060	1785	672	4517	



## ANCHORAGE OFFICE

ADAK  
AKIACHAK  
AKIAK  
AKUTAN  
ALAKANUK  
ALEKNAGIK  
ANCHORAGE  
ANIAK  
ANVIK  
ATKA  
ATMAUTLUAK  
BERING SEA AREA  
BETHEL  
BRISTOL BAY AREA  
CHEFORNAK  
CHEVAK  
CHIGNIK BAY  
CHIGNIK  
CHIGNIK LAGOON  
CHIGNIK LAKE  
CHUATHBALUK  
CHUGIAK  
CLARKS POINT  
COLD BAY  
CROOKED CREEK  
DILLINGHAM  
DUTCH HARBOR  
EAGLE RIVER  
EEK  
EGEGIK  
EKUK  
EKWOK  
ELMENDORF AFB  
EMMONAK  
FALSE PASS  
GIRDWOOD  
GOODNEWS BAY  
GRAYLING  
GULF OF ALASKA  
HAINES  
HOLY CROSS  
HOMER  
HOOPER BAY  
IGIUGIG  
ILIAMNA  
KALSKAG  
KASIGLUK  
KATMAI NATIONAL PARK  
KING COVE  
KING SALMON  
KIPNUK  
KOKHANOK  
KOLIGANEK  
KONGIGANAK  
KOTLIK

## ANCHORAGE Cont'd

KWETHLUK  
KWIGILLINGOK  
LEVELOCK  
LOWER KALSKAG  
MANOKOTAK  
MARSHALL  
MCGRATH  
MEKORYUK  
MOUNTAIN VILLAGE  
NAKNEK  
NAPAKIAK  
NAPASKIAK  
NEW STUYAHOK  
NEWHALEN  
NEWTOK  
NIGHTMUTE  
NIKOLAI  
NIKOLSKI  
NONDALTON  
NUNAPICHUK  
OSCARVILLE  
PALMER (Seafood)  
PEDRO BAY  
PERRYVILLE  
PILOT POINT  
PILOT STATION  
PLATINUM  
PORT ALSWORTH  
PORT HEIDEN  
PORT MOLLER  
QUINHAGAK  
RED DEVIL  
RUSSIAN MISSION  
SAINT GEORGE  
SAINT GEORGE ISLAND  
SAINT MARYS  
SAINT PAUL ISLAND  
SAND POINT  
SCAMMON BAY  
SEWARD  
SHAGELUK  
SHELDON POINT  
SLEETMUTE  
SOUTH NAKNEK  
STONY RIVER  
TAKOTNA  
TELIDA  
TOGIAK  
TOKSOOK BAY  
TULUKSAK  
TUNTUTULIAK  
TUNUNAK  
TWIN HILLS  
UNALASKA  
UPPER KALSKAG  
VARIOUS ALASKAN WATERS  
WHITTIER

## FAIRBANKS OFFICE

ALATNA  
ALLAKAKET  
ANAKTUVUK PASS  
ANDERSON  
ARCTIC VILLAGE  
ATOASUK  
BARROW  
BEAVER  
BETTLES  
CENTRAL  
CHALKYITSIK  
CHATANIKA  
CHENA HOT SPRINGS  
CHICKEN  
CIRCLE CITY  
CIRCLE  
CLEAR  
CLEARY  
COLD FOOT  
COLDFOOT  
DELTA JUNCTION  
DEHALI PARK  
DOT LAKE  
EAGLE  
EIELSON AFB  
ELLIOTT HIGHWAY  
ESTER  
FAIRBANKS  
FORT GREELY  
FORT YUKON  
FOX  
GAKONA  
GALBRAITH LAKE  
GALENA  
HARDING LAKE  
HEALY  
HEALY LAKE  
HUGHES  
HUSLIA  
KAKTOVIK  
KALTAG  
KANTISHNA  
KOYUKUK  
LAKE MINCHUMINA  
MANLEY  
MANLEY HOT SPRINGS  
MENTASTA  
MINTO  
NENANA  
NORTH POLE  
NORTHWAY  
NUIQSUT  
NULATO  
POINT HOPE  
POINT LAY  
PRUDHOE BAY  
RAMPART  
RUBY  
SALCHA  
SLANA  
STEVENS VILLAGE  
TANACROSS  
TANANA  
TETLIN  
TOK  
TWO RIVERS  
UAF  
VENETIE  
WAINWRIGHT

## JUNEAU OFFICE

AUKE BAY  
DOUGLAS  
ELFIN COVE  
EXCURSION INLET  
GUSTAVUS  
HAINES  
HOONAH  
JUNEAU  
KLUKWAN  
PELICAN  
SKAGWAY  
TENAKEE  
TENAKEE SPRINGS

## KETCHIKAN OFFICE

COFFMAN COVE  
CRAIG  
EDNA BAY  
HOLLIS  
HYDABURG  
HYDER  
KETCHIKAN  
KLAWOCK  
METLAKATLA  
MEYERS CHUCK  
NAUKATI BAY  
NAUKATI  
POINT BAKER  
PORT PROTECTION  
PRINCE OF WALES ISLAND  
SAXMAN  
THORNE BAY  
VARIOUS ALASKAN WATERS  
WARD COVE  
WRANGELL  
YES BAY

## KODIAK OFFICE

AKHIOK  
ALITAK  
CHINIAK  
KARLUK  
KODIAK  
LARSEN BAY  
OLD HARBOR  
OUZINKIE  
PORT LIONS

## NOME OFFICE

AMBLER  
BREVIG MISSION  
BUCKLAND  
DEERING  
DIOMEDE  
ELIM  
GAMBELL  
GOLOVIN  
KIANA  
KIVALINA  
KOBUK  
KOTZEBUE  
KOYUK  
NOATAK  
NOME  
NOORVIK  
RED DOG MINE  
SAINT MICHAEL  
SAVOONGA  
SELAWIK  
SHAKTOOLIK  
SHISHMAREF  
SHUNGNAK  
STEBBINS  
TELLER  
UNALAKLEET  
WALES  
WHITE MOUNTAIN

## PALMER OFFICE

ALEXANDER CREEK  
ALEXANDER LAKE  
BIG LAKE  
CANTWELL  
CHELATNA LAKE  
CHICKALOON  
CHISTOCHINA  
CHULTNA  
DESHKA RIVER  
EAGLE RIVER  
GAKONA  
GLENNALLEN  
GULKANA  
HOUSTON  
LITTLE SUSITNA  
MAT-SU BOROUGH  
PALMER  
PAXSON  
RAINEY PASS  
SKWENTNA  
SUTTON  
TALKEETNA  
TRAPPER CREEK  
WASILLA  
WILLOW  
YENTNA RIVER  
NINILCHIK  
PORT GRAHAM  
SELDOVIA  
SEWARD  
SOLDOTNA  
STERLING  
TYONEK

## SITKA OFFICE

ANGOON  
KAKE  
PETERSBURG  
PORT ALEXANDER  
SITKA

## VALDEZ OFFICE

CHENEGA BAY  
CHENEGA  
CHITINA  
COPPER CENTER  
CORDOVA  
KENNY LAKE  
McCARTHY  
TATITLEK  
VALDEZ  
YAKUTAT

1999 Food Safety & Sanitation Facilities

Type	Count	Permit	Fee	Charitable/ Exempt (no fee)	Total Fee'd	Risk Level 0	Risk Level 1	Risk Level 2	Risk Level 3	Risk Level 4	Total
Child/Adult	265	N	N					119	145	1	265
Cosmetology	251	N	N			251					251
Food Service	3052	Y	Y*	169	2883		1233	407	961	451	3052
Market	813	Y	Y*	6	807		623	166	24		813
Pool/Spa	105	N	N					53	52		105
Preschool	148	N	N					146	2		148
Processor	132	Y	Y*	1	131		3	122	6	1	132
Public Accommodation	2595	N	N			4	1561	1030			2595
School	532	N	N					222	310		532
School FS	359	Y	N	359	0		26	51	208	74	359
Tattoo	4	N	N					4			4
Toilet/Shower/Laundry	110	N	N			110					110
Washeteria	100	N	N			100					100
Temporary Food Service	500	Y	Y*	50	450			500			500
Seafood Processors	751	Y	Y		751	7	333	240	25	146	751
<b>Total</b>	<b>9717</b>	<b>5607</b>		<b>585</b>	<b>5022</b>	<b>472</b>	<b>3779</b>	<b>3060</b>	<b>1733</b>	<b>673</b>	<b>9717</b>

\*Some are waived from fee for 501c3 charitable status

5

Number of Inspections, Fee'd Facilities and Inspectors by Year

CY99			CY98			CY97		
Inspections	# of Fee'd Facilities	Inspectors	Inspections	# of Fee'd Facilities	Inspectors	Inspections	# of Fee'd Facilities	Inspectors
2720	<del>4891</del> 5022	15	4067	5008	19	3998	4678	22

Includes Fee'd Food Service, Seafood, & Temporary Food Service.

Does not include Charitable, School and Head Start Food Service.

Number of Inspectors is the Full Time Equivalent, Not the Authorized Level.

6

**Revenue Lost from Exempt Food Facilities**

**Exempt by Statute - School Food Service and Head Start Food Service**

	Total	Risk 1	Risk 2	Risk 3	Risk 4
School Food Service	304	22	49	175	58
Head Start Food Service	43	2	1	28	12

School Food Service & Head Start exempt from fees by AS 44.46.021(d)

**Currently Exempt by Regulation - 501c3 IRS status**

Charitable	188	30	41	59	58
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**Proposed Exempt by Regulation - other 501c status.\***

Proposed Charitable	106	65	7	33	1
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Lost revenue	\$ 162,885	Fees for School Food Services
	\$ 80,410	Fees for Charitable Food Services
	\$ 36,625	Fees for Proposed Charitable Food Services*
<b>Total</b>	<b>\$ 279,920</b>	

\*Lodges such as Eagles, Elks, Moose, VFW, Amvets, Lions, etc.

90 Inspections were done in 1999 on School Food Service  
 88 Inspections were done in 1999 on Charitable Food Facilities  
 39 Inspections were done in 1999 on Proposed Charitable Food Facilities  
 (note: if a facility was both charitable and a School FS, the count went under Charitable)

**Subject: SB 271 revisions and the fiscal impacts**

**Date:** Thu, 6 Apr 2000 14:22:16 -0800

**From:** "Adair, Janice" <Janice\_Adair@envircon.state.ak.us>

**To:** "Darwin\_Peterson (E-mail)" <Darwin\_Peterson@legis.state.ak.us>

**CC:** "Hartley, Bert" <Bert\_Hartley@envircon.state.ak.us>,  
"Napolilli, Nancy" <NNAPOLIL@envircon.state.ak.us>,  
"Swift, Belinda" <BSwift@envircon.state.ak.us>,  
"Frank, Barbara" <BFrank@envircon.state.ak.us>,  
"Siroky, Mary" <MSiroky@envircon.state.ak.us>

Darwin: If our recommended revisions are adopted in SB 271, here's how I see the fiscal impacts. I'll do my best to explain the rationale behind them; if it doesn't make sense, please give me a call.

\* Revenue loss from exempting espresso carts and the other nonpotentially haz. carts from inspections: (\$3.7)

Calculation: As I told you, we can't tell from our database, unless its clear from the name of the business, what the carts serve with precision. Using the names as the guide, we've estimated there are 58 carts that would be exempt from inspections. I understood Sen. Torgerson to say that these would still be "permitted" so to calculate the reduction, we looked at the total charged to all of these facilities and subtracted 30% of the cost. Recall that 30% is the percentage of time spent doing inspections. Since we don't have a separate inspection fee, that seemed to me to be a reasonable approach for calculating the impact of the exemption.

\* Revenue lost/gained from 501(c) language: Net increase in PR of \$21.0

Calculation: First, I need to tell you that the number of charitable organizations and their fees provided to you on March 17 were from CY 1999. For this calculation, we have used current numbers so it is more accurate.

There are 194 charitable 501(c)(3) organizations that would pay a total of \$78.5. So, 50% of that would be \$39.3 in new fees. There are 105 nonprofits under other sections of 501(c) that currently pay a total of \$36.6 50% of that would be (\$18.3) in lost fees.

The net result is \$21.0 in new fees (\$39.3 (new) minus \$18.3 (loss)).

\* Revenue loss from combining bars and restaurants: (\$33.5)

Again, using the 30% of the current fee as we did for the carts, and estimating we have 382 of these combo facilities, we've estimated the loss to the program to be \$33.5.

\* Advisory Group

The per diem rate is \$42/day. That's \$210/day for a five member group. If they are all in Anchorage, there would be no additional costs. If only one or two are outside of Anchorage, then I think we'd be best to bring everyone together after going through the basic initiation process so we can get the recommendations out and written.

If the agency is the initiating agency (and direction from the legislature to establish the group doesn't kick us out of that distinction, neither does legislative participation in the group) and we commit to FDA through a partnership agreement to keep the group going, they will give us \$1,000 annually. This is direction we support. We'd like to have a group that would work with us on a continuing basis on any number of issues.

As I said earlier, if we have a group of educated folks, we can probably knock out recommendations pretty quickly with only minimal additional state funds -- and then only for travel if the members were from outside Anchorage. If the group consists of the organizations identified in this morning's CS, the federal money will cover it as it would cover the per diem for nearly 5 meetings and no travel would be required.

If the make up is different, then state money will be needed. So, I guess that estimate will need to wait until we see what the board looks like.

Another thought on this point I'd like to share: it would be our vision that the groups designated in the bill would pick their members. They are the only ones who know who has the time, the commitment, etc. Our role would be in contacting the entities that match the description (except for CHARR of course which is specifically named) to see if they would be willing to participate. We would not call them and say "we want Joe Blow." I hope that might ease some of the angst that some of the committee members seemed to have.

GRAND TOTAL with advisory group along the lines as in this morning's CS:

Revenue loss from carts	( 3.7)	
Revenue gain from 501's	20.7	
Revenue loss from combos	(33.5)	
Total PR loss	(16.5)	I'll prepare the note as a switch to GF unless you let me know otherwise.

Thanks Darwin. Again, call if questions.

Janice

# Alaska State Legislature

Chairman,  
Judiciary Committee  
Administrative Regulations  
Revenue Committee

Vice Chairman,  
Resources Committee



*Senator Robin L. Taylor*

State Capitol  
Juneau, Alaska 99901-1182  
(907) 465-3873  
Fax: (907) 465-3922

50 Front Street  
Suite 203  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

## Sponsor Statement

CS for Senate Bill no. 271

**"An Act relating to fees charged for inspections by the Department of Environmental Conservation; and providing for an effective date."**

Senate Bill 271 has been introduced as a matter of fairness for all businesses providing food services from Restaurants to Day Care centers. Currently food inspection fees are included as a part of the permit process within DEC Food Safety and Sanitation program

During the interim, the Administrative Regulation and Review Committee held a hearing to review the increased fees proposed by DEC. While they continue to raise fees, they have not provided the services for which they have charged. Several business owners have complained that this practice is unfair; for example, the fees for one establishment showed us they experienced an increase from \$75 in 1995 to \$525 in 1999. Another showed their fees increasing from \$50 to \$985.

DEC changed rate setting from one permit for the entire establishment, to individual permits and fees based on type of facility and risk. By separating the food inspection fees from the permit process and not allowing DEC to charge for a service until they provide it, we hope to bring equity to the businesses around the state.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

Personal Services Expenditure Detail  
Department of Environmental Conservation

DRAFT

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Food Safety & Sanitation (2343)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Steps	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
18-4024	Accounting Tech I	FT	A	GG	Fairbanks	2B	12 B	6.0		15,492	0	0	6,040	21,532	21,532
														<b>Total Salary Costs:</b>	15,492
														<b>Total COLA:</b>	0
														<b>Total Premium Pay:</b>	0
														<b>Total Benefits:</b>	6,040
														<b>Total Pre-Vacancy:</b>	21,532
														<b>Minus Vacancy Adjustment of 0.00%:</b>	(0)
														<b>Total Post-Vacancy:</b>	21,532
														<b>Plus Lump Sum Premium Pay:</b>	0
														<b>Personal Services Line 100:</b>	21,532
<b>Total Component Months:</b>		6.0													

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	21,532	21,532	100.00%
<b>Total PCN Funding:</b>	<b>21,532</b>	<b>21,532</b>	<b>100.00%</b>

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column. (If no valid job title) appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Ervon (Ed) Fairbanks  
Fairway Market  
P.O. Box 355  
Skagway, Alaska 99840  
Phone: 983-2220  
Fax: 983-3220  
e-mail: fastfrt@ptialaska.net

DEC Fees for small market have gone up drastically (\$50 to \$985)  
Used to have one fee, now charges separately for grocery, meat and deli.  
Inspectors do not come to check all three at once.

375 deli  
305 meat  
305 grocery

\$985 (for 1/1/00 to 12/31/00)

\*\*\*\*\*

Dale Swartzentruber  
Dot Lake Lodge  
Box 2255  
Dot Lake, 99737  
(between tok and delta Junction on the Alaska Highway)  
882-2691

Husband and wife operation -- hire one employee for peak season in July and August

Haven't been inspected in over a year.  
Small restaurant  
Grocery

Used to be \$65 per year, then two permits (about \$200)  
Now about \$500 for both

Other fees seem reasonable but DEC has gone through the roof. Percentage of increase is larger for small businesses.

Business license  
Gas pumps \$30-60

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Division of Administrative Services

Financial Services

410 Willoughby Ave., Suite 105

Juneau, Alaska 99801-1795

Permits: (907) 451-2112

Billing: (907) 465-5284/5115

Permit No.: 331700302

Billing Date

8/10/95

Billing No.

15407

DALE SWARTZENTRUBER  
DBA: DOT LAKE LODGE GROCERY  
PO BOX 2255  
DOT LAKE AK 99737

Amount Enclosed \_\_\_\_\_

Please enclose top portion of this billing with your payment and reference your permit number on your check or paperwork. Make check payable to STATE OF ALASKA.

Permit No.: 331700302

Billing No.: 15407

CONVENIENCE STORE WITH FOOD SERVICE 75.00

TOTAL CURRENT FEES \$75.00

TOTAL BALANCE DUE \$75.00

**PAYMENT DUE WITHIN THIRTY (30) DAYS OF RECEIPT OF THIS BILLING. PAYMENTS RECEIVED AFTER THIRTY (30) DAYS ARE SUBJECT TO A 5% LATE FEE PENALTY. PAYMENTS THAT ARE MORE THAN SIXTY (60) DAYS PAST DUE ACCRUE INTEREST AT THE RATE PRESCRIBED IN AS 45.45.010. A PERSON WHO DISPUTES THE TYPE OF ESTABLISHMENT IDENTIFIED ON THE BILLING OR THE COMPUTATION OF CHARGES, MAY APPEAL TO THE DIRECTOR OF ENV. HEALTH IN ACCORDANCE WITH 18 AAC 30.165(g); 30.285(g) OR 31.480(h). ANY APPEAL MUST BE RECEIVED WITHIN THIRTY (30) DAYS OF RECEIPT OF THIS BILLING.**

This billing represents the User Fee billing under Title 18 AAC chapters 30, 31, 34, and 36 which became effective February 19, 1993. The amount due represents an amount which is the annual required fee for your type of operation plus any previous balance, late fee or interest.

Charitable Organizations: This fee requirement does not apply to an organization that is exempt from taxation under 26 U.S.C. 501 (c)(3). As operator, it is your responsibility to provide the Department with a copy of the letter you received from IRS granting you an exemption under this section.

Schools: This fee does not apply to public or private schools for children of school age as defined in AS 14.03.070, or a Head Start center that receives federal financial assistance under 42 U.S.C. 9835. As operator, it is your responsibility to provide the Department with verification that you receive this assistance.

Single Bill  
when we started

FISCAL YEAR (FY) 1995 PERMITS PREVIOUSLY ISSUED ARE VALID FOR 30 DAYS AFTER RECEIPT OF THIS BILLING.  
FAILURE TO SUBMIT THE TOTAL AMOUNT DUE WILL RESULT IN NON-ISSUANCE OF YOUR FY 1996 PERMIT.

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Division of Administrative Services

Financial Services

410 Willoughby Ave., Suite 105

Juneau, Alaska 99801-1795

Billing Date 12/15/99

Billing No. 55283

Amount Enclosed \_\_\_\_\_

Food Establishment Permit No.: 331700302

DALE SWARTZENTRUBER

DOT LAKE LODGE STORE

PO BOX 2255

DOT LAKE AK 99737

Address Correction

Business License # \_\_\_\_\_

Remittance Coupon - Make checks payable to State of Alaska - Detach top portion and Return with your payment to:  
State of Alaska DEC/DAS/ Financial Services, 410 Willoughby Ave., Juneau, AK 99801-1795.

Permit & Billing Rate Questions : (907) 451-2113

Payment Questions: (907) 465-5115

Food Establishment Permit No.: 331700302

**2000 Calendar Year Billing**

1/1/00- 2000 Annual Fee - Type FM-1 Convenience Store

150.00

\$150.00

**TOTAL BALANCE DUE**

\$150.00

### PAYMENT TERMS:

Your Balance Due represents your 2000 Calendar year annual fee for a single type of operation within your food establishment, and any previous unpaid balance, re-inspection fees, late fee/finance charges accrued, minus any payments received through the Billing date. Payment is due January 30, 2000. Payments more than 30 days past due are subject to a late fee penalty and accrue interest at the rate described in AS 45.45.1010. The Department will not issue a permit to any establishment who fails to pay the total balance due in full.

*Amount Bill  
Paid over*

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Division of Administrative Services

Financial Services

410 Willoughby Av., Suite 105

Juneau, Alaska 99801-1795

Billing Date 12/15/99

Billing No. 55277

Amount Enclosed \_\_\_\_\_

Food Establishment Permit No.: 331700101

DALE SWARTZENTRUBER

DOT LAKE LODGE CAFE

PO BOX 2255

DOT LAKE AK 99737

Address Correction

Business License # \_\_\_\_\_

- Remittance Coupon - Make checks payable to State of Alaska - Detach top portion and Return with your payment to:  
State of Alaska DEC/DAS/ Financial Services, 410 Willoughby Ave., Juneau, AK 99801-1795.

Permit & Billing Rate Questions : (907) 451-2113

Payment Questions: (907) 465-5115

Food Establishment Permit No.: 331700101

**2000 Calendar Year Billing**

1/1/00- 2000 Annual Fee - Type FF-1 Food Service - Seating: 25 or less 375.00

\$375.00

**TOTAL BALANCE DUE**

\$375.00

### PAYMENT TERMS:

Your Balance Due represents your 2000 Calendar year annual fee for a single type of operation within your food establishment, and any previous unpaid balance, re-inspection fees, late fee/finance charges accrued, minus any payments received through the Billing date. Payment is due January 20, 2000. Payments more than 30 days past due are subject to a late fee penalty and accrue interest at the rate described in AS 45.45.1010. The Department will not issue a permit to any establishment who fails to pay the total balance due in full.

*Amount Bill per 2*

# LEGISLATIVE RESEARCH REPORT

MARCH 27, 2000



REPORT NUMBER 00.132

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION FOOD SERVICE INSPECTIONS (PRELIMINARY INFORMATION)

PREPARED FOR SENATOR ROBIN TAYLOR

BY KATHLEEN L. WAKEFIELD, LEGISLATIVE ANALYST

You asked us to provide statistics on Alaska's food safety and sanitation program for FY99 and FY2000 to date, including the number of inspections, number of permits issued, and amounts collected from permit and inspection fees. You specifically asked for this information by the following categories: food service, markets, food processors, and temporary food service.

The table included with this report contains information on the number of food safety and sanitation permits issued in 1999, and the number of inspections for 1998 and 1999. Although you requested information by category, the number of inspections is listed by calendar year. In addition, we have not received permit and inspection information for FY2000. We will forward this additional information to you as soon as we receive it from the department.

The Alaska Department of Environmental Conservation is responsible for the food safety and sanitation program in the state. As part of this program, the department inspects and licenses food service establishments around the state, including restaurants, markets, and food processors such as bakeries. Some establishments—for example, laundromats, preschools, and adult and child care facilities—must be inspected for food safety and sanitation, but are not required to be licensed by the department.<sup>1</sup> Other facilities and activities, such as bake sales, bed and breakfast facilities, and activities of private or charitable organizations or churches (as long as the event is not a promotional or fundraising event open to the public), are exempt from the state food code and require neither inspection nor permits.<sup>2</sup>

The Division of Environmental Health reports that approximately 9,700 facilities in Alaska must meet state food safety and sanitation regulations, including schools and food service or food processing establishments. More than 5,000 food service and food processing businesses

<sup>1</sup> Information provided by the Division of Environmental Health, Department of Environmental Conservation.

<sup>2</sup> 18 AAC 31.010.

received permits in 1999, including 3,052 food service establishments, 813 markets, 132 food processors, and 500 temporary food service vendors. The division inspected over 2,700 facilities in 1999 (not including charitable organizations, schools, and Head Start programs).<sup>3</sup>

The division collected approximately \$882,000 in fees for inspections and permits by the middle of March.<sup>4</sup> They expect to collect a total of over \$1.1 million for FY2000.

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I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

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<sup>3</sup> Information provided by the Division of Environmental Health, Department of Environmental Conservation.

<sup>4</sup> Information provided by the Division of Environmental Health, Department of Environmental Conservation.

**Department of Environmental Conservation Food Safety & Sanitation  
Permits and Inspections**

**Food Safety & Sanitation Facilities--1999**

Type of Establishment	Number	Permit Required	Permits Issued	
			Charitable/ Exempt <sup>1</sup> (no fee)	Non-Exempt (fee paid)
Food Service	3,052	Y	169	2,883
Market	813	Y	6	807
Processor	132	Y	1	131
Temporary Food Service	500	Y	50	450
Seafood Processors	751	Y	0	751
School Food Service	359	Y	359	0
Child/Adult Day Care	265	N		
Cosmetology	251	N		
Pool/Spa	105	N		
Preschool	148	N		
Public Accommodation	2,595	N		
School	532	N		
Tattoo	4	N		
Toilet/Shower/Laundry	110	N		
Washeteria	100	N		
<b>Total</b>	<b>9,717</b>	<b>5,607</b>	<b>585</b>	<b>5,022</b>

**Note:** 1. Some facilities are exempt from fees due to 501(c) (3) charitable status.

**Food Service Inspections--1998 and 1999**

	<u>1998</u>	<u>1999</u>
Number of Inspections (Calendar Year)	4,067	2,720

**Note:** Inspections include temporary food service--they do not include charitable, school, or Head Start food service programs/activities.

**Source:** Food Safety & Sanitation Program, Division of Environmental Health, Department of Environmental Conservation.

How did DEC come up with the fees?

- 1) Calculated average annual salary for professional staff and for clerical staff
- 2) Calculated the actual average number of work hours to come up with an hourly fee for professional and clerical staff, plus the department's common cost percentage
- 3) Multiplied that hourly fee times the average number of hours to permit and inspect facilities based on permit types

See attachment one; this information was provided in the public notice.

What facilities will be covered by these fees?

Outside the Municipality of Anchorage, any establishment that is not otherwise exempt from fees by regulation that sells or serves food to the public.

See attachment two for that section of our regulations which lists exempted operations.

When does an operator pay more than one fee?

An operator with two or more distinct operations within one facility will pay a fee for each operation. Examples: restaurant with a bar; a restaurant that also caters; a grocery store with a deli.

See attachment three for that section of our regulations.

What is the relationship between the cut and the increased fees?

The amount of general funds that were switched to some type of program receipt by both subcommittees equaled \$887.0; The conference committee cut that amount of \$548.0 therefore, even though the program was cut overall, the amount needed to be raised by fees was increased.

What about facilities that won't be inspected?

The fees paid are program fees and help support all of the food safety services. Inspections are just one aspect. Training and education and technical assistance to operators together account for the largest share of time for our staff.

How many facilities of each type are there?

This is a moving target but when we proposed the fee increases, we used the number that was in our database (permitted) at that time.

See attachment one for these numbers.



**Division of Environmental Health  
Food Safety and Sanitation Program**

**Analysis of FS&S Program Fees**

**Calculation for actual annual staff work days and work hours:**

Total Days Annually	365
Weekends (52 * 2)	(104)
Paid State Holidays	(11)
3 weeks paid leave (annual + sick average)	(15)
Annual Work Days	235
Number of work hours (/1.5 hour days)	1,763

		Average Cost (statewide)
<b>Technical Staff Cost Analysis</b>		
Average hourly compensation	\$	65,232
Average hourly cost technical time	\$	37.01

<b>Clerical Staff Cost Analysis</b>		
Average annual compensation	\$	41,198
Average hourly cost clerical time	\$	23.37
30 min. clerical support per hour tech time	\$	11.69

<b>Total Cost Technical Staff &amp; Clerical Staff</b>		
Total Staff Cost (1 hour technical + 30 minutes clerical support)	\$	48.70
Indirect cost Pool (39.10%)	\$	19.04
	\$	67.74

<b>ADEC FS&amp;S Inspection Rates:</b>			
	Hourly Re-Inspection Fee Rate--Reg. Time	\$	67.74
	Hourly Re-Inspection Fee Rate--Overtime	\$	101.61
	Hourly Re-Inspection Fee Rate--Sundays, Holidays	\$	135.48

**Division of Environmental Health  
Food Safety and Sanitation Program**

**Calculation of Department Costs for Permitting and Inspections and other assistance (except plan reviews)**

Type of Food Establishment	Average Number of Hours to Issue Permit	Average Hours per Yearly Inspection	Average Total Hours Permit & Inspection	Number of Facilities by Category	Annual Fee at \$67.74 per hour *
<b>Food Service</b>					
Food Service (0-25)	2.5	3	5.5	648	\$373
Food Service (26-50)	2.5	4	6.5	414	\$440
Food Service (51-100)	3	4	7	336	\$474
Food Service (101-200)	3.5	4	7.5	191	\$508
Food Service (over 200)	3.5	4.5	8	63	\$542
Limited Food Service	1.5	1.5	3	459	\$203
Mobile Food Service-not self contained	2	1.5	3.5	60	\$237
Mobile Food Service-self contained	2	1	3	84	\$203
Caterer	3	3	6	53	\$406
Tavern/Bar	2.5	1.5	4	543	\$271
<b>Food Processing</b>					
Bakery	2.5	2	4.5	34	\$305
Bottled Beverages or Water	2.5	2	4.5	9	\$305
Ice Manufacture	2	1.5	3.5	26	\$237
Jam/Jelly/Syrup/Confectionary	2	1.5	3.5	21	\$237
Smokes, Cures, Acidifies, Reduced Oxygen Packaging	3	2.5	5.5	2	\$373
Thermal processor of Low Acid Foods	3	2.5	5.5	1	\$373
Other Food Processing	2	1.5	3.5	28	\$237
<b>Market</b>					
Convenience Store	1.5	0.75	2.25	396	\$152
Grocery	2.5	2	4.5	190	\$305
Grocery portion of a supermarket	2	2	4	47	\$271
Retail Bakery	2.5	2	4.5	37	\$305
Retail Meat Market	2.5	2	4.5	59	\$305
Retail Seafood Market	2.5	2	4.5	16	\$305
Warehouse	2	1.5	3.5	38	\$237
Food Bank or Food Salvager	2	1.5	3.5	1	\$237
Retail Mobile Vendor	1.5	1	2.5	11	\$169
<b>Temporary Food Service</b>					
Temporary- 1 day				120	\$35
Temporary-2 to 3 days				170	\$65
Temporary-4 to 7 days				10	\$90
Temporary-8 to 28 days				200	\$120
Temporary-8 to 28 days submitted less than 15 days before event					\$180
<b>Other Food Establishment</b>					
Other Food Establishment	2.5	3	5.5		\$373

\* Proposed permit fees are being rounded to the nearest \$5.00

(e) The following activities and facilities are not subject to this chapter, but are subject to the prohibitions set out in AS 17.20.290:

- (1) custom processing of an individual's sport-caught fish or game;
- (2) a business, such as a gas station, gift shop, video store, or student store, that sells only prepackaged, nonpotentially hazardous food from an approved source;
- (3) a bake sale; for purposes of this paragraph, "bake sale" means the occasional sale to the public at a fundraising event or a seasonal event such as a fair or bazaar of packaged jams, jellies, or confections or bakery-type items such as fruit or berry pies and cobblers, cakes, cookies, donuts, and breads; potentially hazardous food, including bakery-type items that contain potentially hazardous fillings or toppings such as custard, whipped cream, or meringue may not be sold at a bake sale;
- (4) a food establishment selling only popcorn, cotton candy, prepackaged ice cream novelties, black coffee with single-service items, or coffee offered with nondairy creamers and served with single-service items;
- (5) a vending machine dispensing only nonpotentially hazardous food;
- (6) snacks at a school or child care facility;
- (7) continental breakfasts or breakfasts cooked and immediately served at a bed and breakfast homestay with or without a guesthouse;
- (8) the sale of homemade jam, jelly, fruit syrup, herb vinegar, dried herbs, or dried tea leaves, if sold by the person who prepared the food directly to the consumer at a bed and breakfast homestay, a farmers' market, a roadside stand, or a seasonal event, such as a fair or bazaar;
- (9) the extraction of raw honey;
- (10) the packaging or sale of extracted or unextracted raw honey;
- (11) the packaging and sale of raw, whole vegetables and fruit at a farmers' market, a roadside stand, or a seasonal event, such as a fair, if the vegetables and fruit are offered
  - (A) in their natural state; or
  - (B) after rinsing, trimming of unnecessary parts, or separating greens from roots;
- (12) the harvesting and evaporation of tree sap; however, further processing of tree sap, including packaging, is subject to this chapter;
- (13) food prepared and served at a portable field camp that is set up on a transient basis for no more than three days to support a single group of paying customers on an overnight expedition or

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recreational activity, such as backpacking, horseback riding, hunting, fishing, rafting, skiing, or dog mushing;

(14) food served in conjunction with the following activities if the food is prepared or provided by and for members of the group and their invited guests; however, nothing in this paragraph exempts fundraisers, promotional events, or other gatherings that are advertised or open to the public, if food is provided, with or without charge:

(A) a meeting or an event of a private or charitable organization, association, or club;

(B) an activity of a church or other religious congregation;

(C) a gathering, such as a party, picnic, or potluck held by a neighborhood, family, community, school, or office; or

(D) a traditional Native potlatch;

(15) food prepared and served at a foster home, foster group home, child care home, and child care group home, as those terms are defined in 7 AAC 50.990;

(16) food prepared and served at an assisted living home with five or fewer residents; "assisted living home" has the meaning given in AS 47.33.990;

(17) the harvesting or cleaving of glacier ice if the glacier ice is exported from the state without further processing; and

(18) a food establishment within a national park, federal military installation, or public health service hospital where inspections and regulatory oversight are provided by the federal government.

(f) Except for a fee required by 18 AAC 31.050, the department will, in its discretion, issue a waiver requested under (g) of this section that exempts a food establishment listed in this subsection from one or more requirements of this chapter. A waiver does not exempt the operator from complying with AS 17.20.290 or other applicable regulations, including 18 AAC 30, 18 AAC 50, 18 AAC 60, 18 AAC 72, and 18 AAC 80. Food establishments that may be eligible for a waiver are

(1) an adult residential care facility, an institution, a labor camp, or a similar facility serving 10 or fewer residents;

(2) a meal program serving 10 or fewer senior citizens; and

(3) a food service with 10 or fewer seats that serves 10 or fewer persons each day.

APPENDIX 1

(k) The following charitable organizations and types of operations require a permit under this chapter but are exempt from the fee requirements of this section:

(1) a charitable organization that is exempt from taxation under 26 U.S.C. 501(C)(3); and

(2) a food service provided by a public or private elementary or secondary school or head start center described in AS 44.46.02. (d); nothing in this paragraph exempts a group associated with a school from its requirement to obtain a permit and pay the required fee for a group-sponsored food service or a temporary food service event.

(6) a separate permit is required for each operation if two or more operations share some facilities, such as warewashing, refrigerator, freezer, or storage areas, but the preparation or processing area and the display or service area of each operation are segregated by distance or time; segregation by time occurs when different operations use the same areas at different times of the day.

**DIVISION OF ENVIRONMENTAL HEALTH  
DIRECTOR'S OFFICE  
555 CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
<http://www.state.ak.us/dec/deh>**

**Telephone: (907) 269-7644  
Fax: (907) 269-7654  
e-mail: [jadair@envircon.state.ak.us](mailto:jadair@envircon.state.ak.us)**

March 24, 2000

The Honorable John Torgerson  
Co-Chairman, Senate Finance Committee  
State Capitol Building, Room 516  
Juneau, Alaska 99801

Re: Senate Bill 271

Dear Senator Torgerson:

During the last hearing, on the above referenced bill, you asked me to provide the committee with our calculations for a flat permit fee for food facilities that would not include the cost of an inspection. You asked me to calculate that fee based on the risk levels of the facilities.

In all of the calculations that we are providing you today, we have not included the estimated 500 temporary facilities as they do not lend themselves well to this kind of a fee structure and it would raise their fees substantially. They operate for a very short term, and we inspect them when they are permitted.

We have also not included any of the facilities that we currently permit and inspect but that do not pay a fee, either because of a statutory exemption or a regulatory one. Nor have we included any of the non-food facilities we inspect but for which we do not have fee authority.

Enclosed, you will find our calculations for the flat fee. You see that we estimate a flat fee ranging from \$140 for Risk Level One to \$440 for Risk Level Four. Our calculations are based on this fee being paid annually by every food facility that currently pays a fee.

The cost of an inspection is not as easy to line out because we believe the fee should not only be based on risk but also on the size of the facility and the specific type of facility or operation. For example, a convenience store and a grocery store are both a Risk Level One. However, a convenience store will take much less time to inspect than a grocery store.

*Safe Food, Safe Water, Healthy Communities*

Page 2  
The Honorable John Torgerson  
March 24, 2000

I have previously told you that in CY 99, we conducted 2,720 inspections. Of those, 1,826 were routine inspections that would be covered under this legislation<sup>1</sup>. We have determined, based on the risk levels only and the average times generally associated with the types of facilities within those risk categories, that the fee for a routine inspection would range from \$100 for a Risk Level One to \$400 for a Risk Level Four facility. For a "hazard analysis critical control point" (HACCP) inspection<sup>2</sup> of a seafood facility, the inspection fee would range from \$160 for a Risk Level One to \$640 for a Risk Level Four.

You also asked me to give you the amount of general funds in this program. There is a total of \$1,117.6 in unrestricted general fund in this component. Of that, \$211.3 supports the State Veterinarian's office. The balance of \$906.3 supports the following in the Food Safety and Sanitation program: oversight of all public facilities, oversight of the 217 currently exempted facilities, and travel. It also supplements the fees paid by the seafood processing industry, especially the shellfish industry, for its oversight.

There are a couple of other comments I wanted to share that I thought would be of assistance to you. Our risk based protocol is based on a common environmental sanitation risk assessment model that considers:

- the volume of food produced or served,
- the type of process or preparation used,
- whether the population served is highly susceptible to foodborne illness, such as children or the elderly, and
- the facility's compliance history.

For public facilities, the risk assessment considers

- possibility for physical, microbial and chemical hazards; and
- the facility's compliance history.

Finally, depending on what form this bill ultimately takes, I've been reminded by the Department of Law that we may need a delayed effective date of about one year to allow us to revise our regulations accordingly.

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<sup>1</sup> We deducted from the previously provided total of 2,270 inspections the following: inspections of 500 temporary facilities, 100 FDA inspections, 217 inspections of schools, head starts, and charitable organizations that are currently exempt from paying fees, and 77 "non-routine" inspections such as compliance re-inspections, spot inspections, or pre-opening inspections.

<sup>2</sup> A HACCP inspection is a much more involved inspection. In a nutshell, it requires that the food safety inspector 1) analyze the process being utilized at the plant to manufacture the food item; 2) identify the risks associated with that process using the FDA's Hazard Guide; 3) determine the points within the process where a food safety hazard would be reasonably likely to occur; 4) again, using the FDA Hazard Guide, determine the appropriate controls for preventing the safety hazard; 5) review the processor's HACCP plan to determine that it comports with the inspector's review; and 6) review all the monitoring records that the processor is required to keep of the control points.

Page 3  
The Honorable John Torgerson  
March 24, 2000

I will be available Tuesday morning for the scheduled hearing on this legislation.

Sincerely,

Janice Adair  
Director

Enclosure

- Flat Fee Calculation

**Flat Fee Annual Permit Calculations**

Total Program Receipts	\$1,530.5
30% Inspection Time	(\$459.1)
Less Income from Temporary Facilities	(\$40.0)
Total Permit Fees	\$1,031.4

Number of Facilities that pay a fee	5022
Less number with multiple operations	(477)
Less temporary facilities	(500)
Total Facilities	4045

Total Facilities by Risk Levels	Level 0	Level 1	Level 2	Level 3	Level 4	
	0	1,611	757	1,101	576	
Flat Annual Permit Fee	0	\$140	\$240	\$340	\$440	Total
Flat Annual Permit Revenue	0	\$225.5	\$181.7	\$373.3	\$253.4	\$1,033.9

SENATE FINANCE COMMITTEE

SIGN-IN

HJR 56-CONST. AM: WILDLIFE INITIATIVES

NAME: Gerron Bruce Subject/Bill No: HJR-56  
Co./Dept./Title: Fish/Game Phone: 465-6143  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions



## Teleconference Participants

TCN: 10649

**Participant Lists**

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ALL

Testifiers

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**Participants**

Unidentified Testifiers: 0

Unidentified Observers: 0

**ANCHORAGE (ANC)**

1

Name: Lt David Hudson

Phone:

Address:

Affiliation: DPS

City /St /Zip:

Type: Testifier

Bill: SB 259: THEFT OF IDENTITY

2

Name: Mr. Blair McCune

Phone:

Address:

Affiliation: Public Def

City /St /Zip:

Type: Testifier

Bill: SB 259: THEFT OF IDENTITY

**FAIRBANKS (FBX)****GLENNALLEN (GLN)**

1

Name: Mr. Douglas Rhodes

Phone: 9078223663

Address: Box 110

Affiliation:

City /St /Zip: Glennallen AK 99588

Type: Testifier

Bill: SB 274: FEES FOR FOOD ESTABLISHMENT INSPECTIONS

## OFF-NET TELECONFERENCE PARTICIPANTS

Name: Laddie Shaw  
Location: Ft. Rich  
Affiliation:  
Bill: SB 247

Name: Galen Atwater  
Location: Meiers Lake  
Affiliation:  
Bill: SB 271

Name: Janice Adair  
Location: Anchorage  
Affiliation: DEC  
Bill: SB 271

Name: Alan Lemaster  
Location: Gakona  
Affiliation:  
Bill: SB 271

Name:  
Location:  
Affiliation:  
Bill:

Name:  
Location:  
Affiliation:  
Bill:



# Teleconferer.ce Participants

TCN: 10588

## Participant Lists

View List for

GLN



Testifiers



Go >>>

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## Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

### GLENNALLEN (GLN)

1

Name: Mr. Doug Rhodes

Phone: 9078223663

Address: P O Box 110

Affiliation:

City /St /Zip: Glennallen Ak 99588

Type: Testifier

Bill: SB 271: FEES FOR FOOD ESTABLISHMENT INSPECTIONS



# Teleconference Update Summary

TCN: 10689

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## Summary Data

TC Date: April 06, 2000	Moderator:
Time: 9:00 AM TO 11:00 AM	Toll Free Number: 800 368 8772
Status: In-Progress	Dial-up Number:
Sponsor: SFIN: FINANCE	Personal Number: 907 258 8772
Chairs: Parnell	Testimony Allowed: Yes
Torgerson	Time Limit: 5 minutes
Purpose: PUB	Backup Material: No
Contact: Darwin 4652828	Meeting ID: 7346
Public Remarks:	
Internal Comments: other sites may add	

## Agenda

Bill Number	Bill Subject
SB 271	FEES FOR FOOD ESTABLISHMENT INSPECTIONS
SB 259	THEFT OF IDENTITY
SB 212	FISH & GAME GRANTS
HB 43	MUNI.ORDINANCES:POLICE TRAINING SURCHARGE
HB 380	INSURER TAX CREDIT:FIRE STANDRDS COUNCIL
HB 289	AK DEFENSE FORCE/NATL GUARD:TRANSPORT

## LIO Sites

Chair	Name	Room
	ANCHORAGE	
	FAIRBANKS	
	GLENNALLEN	
x	JUNEAU	CAP532
	KENAI	
	KODIAK	

## VTS Sites

Chair	Code	Name	Location	LIO
	GAK	GAKONA	JUNCTION VILLAGE	GLN
	MEI	MEIER'S LAKE	ROADHOUSE	GLN

## Off-net Sites

Chair	Code	Name	Location	Phone
	OF1	Janice / Jair		

## Participants

Name	Type	Bill
------	------	------

ALAN SB271  
LEMASTER  
GAKONA, AK