



## Fiscal Estimate Narratives

DATCP 12/12/01

LRB Number	01-4064/2	Introduction Number	AB-678	Estimate Type	Original
<b>Subject</b>					
Exclusive soft drink sales contracts					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires school districts that enter into exclusive contracts with a soft drink vendor to also make milk available "whenever and wherever" soft drinks are offered to pupils.

There is no state fiscal effect; this bill would have no direct impact on the state budget.

It is very difficult, however, to determine the fiscal effect that this bill would have on school districts. There are too many variables. If school districts are able to favorably market milk alongside soft drinks, there will be a net gain in revenues. On the other hand, if school districts are forced to offer milk at a price that is below their cost, or if they must regularly dispose of milk that was not used before the expiration date, this bill will have a negative fiscal impact.

Some of the many variables that would effect the net fiscal effect are: the acquisition cost of both milk and soft drinks, the selling price (to pupils) of both milk and soft drinks, the taste preferences of pupils, the marketing strategy of the milk vendor, the marketing strategy of the soft drink vendor and the contract terms with both soft drink and milk vendors. Because of this large number of variables, it is impossible to produce a fiscal estimate that would apply to all school districts in the state that enter into this type of contract. The fiscal effect will be different for each district in the state.

Although we cannot determine whether this bill would have a positive or negative fiscal effect on a typical school system; we suspect that the fiscal effect would probably be immaterial when placed in the context of the entire school district budget.

### Long-Range Fiscal Implications