Screening-Level Analysis of the Consumer Impacts of Food Content Labeling State Laws in Texas and Louisiana

Submitted by:

Policy Navigation Group

September 2025

EXECUTIVE SUMMARY

On August 15th the U.S. Department of Justice (DOJ) published a request for information (RFI), seeking public input on state laws that significantly and adversely burdens the national economy, Americans' costs of living, and/or interstate commerce.[1] Texas and Louisiana have each enacted laws in 2025 mandating food content labeling requirements for specified ingredients that are widely used across the food industry. Broadly, these laws will, in part, require warnings on labels for packaged foods that contain certain food ingredients selected based on their current regulatory statuses in other countries such as Australia, Canada, the European Union, and the United Kingdom.

These laws will impose additional costs on U.S. businesses and all consumers, especially those in Louisiana and Texas.

- Businesses will either redesign their packaging to include the label or reformulate their current products to avoid the labeling mandate. In either case, operating costs will increase and sales (revenue) will decrease. As a result, businesses will have less net income and will reduce payments to shareholders, employees, research and development, or some combination of these impacts.

- In response to business' strategies, Texas and Louisiana consumers will pay more for their products. They will have less income to spend on other goods and services. In general, if consumers buy the reformulated products, the price may be higher as businesses seek to recoup their higher operating costs If they continue to buy the now-labeled product, the new information is intended to cause them to question their choice, leading to costs to try new products and costs of anxiety and stress.

- Consumers throughout the rest of the United States will bear costs. First, companies may find it more efficient to use the same label in other states. Second, visitors to Texas and Louisiana will bear higher prices. Third, companies may increase prices on products throughout the U.S. market to pay for compliance with the states' laws.

In this screening analysis, we will consider the near-term impacts to Texas and Louisiana consumers and U.S. businesses. We can estimate these near-term future costs by measuring consumers' choices today. Today's market of goods sold and prices reveals consumers' willingness to pay for products affected by the law ("conventional products") and products that are not ("alternative products"). Consumers could buy these alternative products today but choose otherwise. The alternatives "cost" consumers more, where cost could be a higher purchase price, less desirable features of the alternative products (e.g., taste, shelf-life), availability, or some combination of all these deficiencies.

[1] "Request for Information on State Laws Having Significant Adverse Effects on the National Economy or Significant Adverse Effects on Interstate Commerce," *Federal Register* 90, no. 156 (2025): 39427–28.

We take a sample of popular products that will certainly be affected and screen for likely alternatives based on comparable flavor descriptions, branding, and/or other characteristics. For each affected product in the sample, we find one to three alternatives. The price difference between conventional and alternative products today is substantial – alternative products' prices range from 50 percent to 900 percent greater than conventional product prices.

We can estimate the near-term loss in consumer surplus by measuring the increased financial costs to consumers if they all shifted to today's higher-priced alternative products. In reality, not all consumers will switch. Some consumers will continue to buy conventional products even if they are labeled. The social costs will then be split between producers and consumers and between financial costs and non-monetary losses in time and in well-being (e.g., additional stress due to the label's message). Rather than model this complex set of losses, we can estimate the total social costs by assuming that everyone shifts to alternative products already in the market.

The incremental social costs of the labeling laws are $64 billion for Texas and $12 billion for Louisiana. This incremental cost equates to annual costs of approximately $7,200 per household in Texas and $1,300 per household in Louisiana. Households in these states will immediately bear some of these social cost by spending more for groceries. Using a recent study in the literature, out-of-pocket expenses for households in Texas and in Louisiana could increase by $2,200 more each year and $900 more in Louisiana.

TABLE OF CONTENTS

INDEX OF TABLES

INDEX OF FIGURES

I. INTRODUCTION

1. Overview of New Food Content Labeling Requirements under 2025 Texas and Louisiana State Laws

Texas and Louisiana have each enacted laws in 2025 mandating food content labeling requirements for specified ingredients that are widely used across the food industry. Broadly, these laws will, in part, require warnings on labels for packaged foods that contain certain food ingredients selected based on their current regulatory statuses in other countries such as Australia, Canada, the European Union, and the United Kingdom.

Texas Senate Bill 25 (SB 25) was passed on June 22, 2025, and became effective on September 1st.[2] There are four main requirements in the bill: food labeling, additional primary and secondary physical education, additional nutrition education in higher education, and additional education for healthcare professionals. All manufacturers who sell food products in Texas must provide warning label disclosures for the use of 44 artificial color, additives, and chemicals banned in other countries.[3]

Under SB 25, warning labels must be printed in "a font size not smaller than the smallest font used to disclose other consumer information required by the United States Food and Drug Administration, be prominent, ha[ve] high contrast to ensure that consumers can see and understand the content."[4] The manufacturing and retailers' website must also communicate the same warning for the relevant product. The content of the warning mut be as follows: "WARNING: This product contains an ingredient that is not recommended for human consumption by the appropriate authority in Australia, Canada, the European Union, or the United Kingdom."[5] A food manufacturer found violating these requirements can be subject to an injunction, a civil penalty in amount not exceeding $50,000 per day for each distinct food product in violation, and a requirement to reimburse the state for the law's investigation and enforcement costs.

Louisiana Senate Bill 14 (SB 14) includes three key sections:[6]

---

[2] Health and Safety Code Chapter 431. Texas Food, Drug, and Cosmetic Act, R.S., Ch. 1179 (S.B. 25), Sec. 9 § 431.0815 (2025), https://statutes.capitol.texas.gov/Docs/HS/htm/HS.431.htm#431.0805.

[3] SB 25 does not apply to:

- Food products not intended for human consumption;
- Agricultural chemicals;
- Non-packaged foods (e.g., foods that are prepared at and sold in restaurants or retail establishments); and,
- Dietary supplements.

[4] Health and Safety Code Chapter 431. Texas Food, Drug, and Cosmetic Act, § 431.0815, B.

[5] Health and Safety Code Chapter 431. Texas Food, Drug, and Cosmetic Act, 431.0815, B&C.

[6] Act No.463, SB 14 (Chaptered), Legislature of Louisiana Regular Session, R.S. 40:661 and 662 (2025), https://legiscan.com/LA/text/SB14/id/3260174.

1. Effective at the beginning of the 2028-29 school year, Section 1 prohibits public and nonpublic school that receive state fund to serve any food or beverage that contained one of 15 prohibited ingredients in meals students may have during school hours, including breakfasts, lunches, and during after school care.[7]

2. Section 2 requires some health care professional to complete additional education on nutrition and metabolic health every four years.

3. Effective on January 1st, 2028, Section 3 requires that all packaged food or beverage products intended for human consumption and sold in Louisiana to bear labeling disclosures for specified ingredients. Manufacturer must include on said products' labels quick response (QR) codes with a statement informing the consumer of additional ingredient information. The QR code must to lead to the manufacturers' websites containing prominently-placed warnings that read as follows: "NOTICE: This product contains [insert ingredient here]. For more information about this ingredient, including FDA approvals, click HERE." SB 14 does not apply to U.S. Department of Agriculture (USDA) regulated dietary supplements, alcoholic beverages, foods prepared in retail food establishments, medical foods, and/or foods sold in multi-unit packaging. Section 3 also includes a subsection requiring any food service establishment that cooks or prepares foods using eight specified seed oils include the following the disclaimer on its menu or in other visible locations: "Some menu items may contain or be prepared using seed oils."[8]

The following table details the ingredients that are targeted by both or one of the state laws.

[7] These include: blue dye 1; blue dye 2; green dye 3; red dye 3; red dye 40; yellow dye 5; yellow dye 6; azodicarbonamide; butylated hydroxyanisole; butylated hydroxytoluene; potassium bromate; propylparaben; acesulfame potassium; aspartame; and sucralose.

[8] The eight seed oils include: canola or rapeseed oil; corn oil; cottonseed oil; grapeseed oil; rice bran oil; safflower oil; soybean oil; and sunflower oil.

Table 1: Ingredients covered by the labeling provisions in Texas's SB 25 and Louisiana's SB 14

Ingredient Category	Both Laws	Texas (SB 25) Only	Louisiana (SB 14) Only	Example Common Foods
Food Dyes	Blue 1, Blue 2, Green 3, Red 3, Red 40, Yellow 5, Yellow 6, and other certified food colors by the FDA	Citrus Red 2, Red 4, canthaxanthin, and titanium dioxide		Candy; fruit snacks; breakfast cereals; colored beverages
Preservatives	Butylated hydroxyanisole (BHA), butylated hydroxytoluene (BHT), propylparaben, calcium bromate, potassium bromate, potassium iodate, propylene oxide, and thiodipropionic acid	-	-	Packaged baked goods; snack cakes; processed meats; boxed mixes
Artificial Sweeteners	-	-	Acesulfame potassium, aspartame, and sucralose	Diet sodas; sugar-free gum; low-calorie desserts
Flour & Baking Additives	Azodicarbonamide (ADA), bleached flour, bromated flour, and potassium bromate	-	-	Commercial breads; pizza dough; pastries
Oils & Fats	Partially hydrogenated oil (PHO), Interesterified palm oil, interesterified soybean oil, synthetic trans fatty acid	Olestra		Fried foods; margarine; packaged snacks; fast food
Emulsifiers & Stabilizers	Lactylated fatty acid esters, sodium stearyl fumarate, and stearyl tartrate	Acetylated esters of mono- and diglycerides (acetic acid ester)	Diacetyl tartaric and fatty acid esters of mono- and diglycerides (DATEM)	Ice cream; processed cheese; whipped toppings; shelf-stable baked goods

Ingredient Category	Both Laws	Texas (SB 25) Only	Louisiana (SB 14) Only	Example Common Foods
Other Ingredients	Acetylated esters of mono- and diglycerides (acetic acid ester), anisole, diacetyl, dimethylamylamine (DMAA), dioctyl sodium sulfosuccinate (DSS), lye, morpholine, potassium aluminum sulfate, sodium aluminum sulfate, sodium lauryl sulfate, and toluene	Ficin	-	Chewing gum; processed meats; canned goods; pharmaceutical-style supplements

2. U.S. Department of Justice Request for Information on State Laws

On August 15, 2025 the U.S. Department of Justice (DOJ) published a request for information (RFI), seeking public input on state laws that significantly and adversely burdens the national economy, Americans' costs of living, and/or interstate commerce.[9] DOJ requests commenters to detail relevant state laws' adverse economic impacts, any existing preemption by federal authority, potential federal legislative or regulatory solutions, and which federal agencies are best suited to handle actionable measures to mitigate adverse effects. In particular, the RFI cites Executive Orders (EOs) 14192 and 14219, which declares "the policy of the executive branch [to be that Federal agencies should] alleviate unnecessary regulatory burdens placed on the American people" and directs agencies to identify regulations that "impose undue burdens on small businesses and impede private enterprise and entrepreneurship."[10]

The Texas and Louisiana labeling laws clearly fit into DOJ's description of state laws that increase consumers' cost of living and affect interstate commerce. These labeling mandates diverge from current standards by the U.S. Food and Drug Administration (FDA) and create a patchwork of state regulations that fragment the national market. Manufacturers face administrative tracking, recordkeeping, and inventory costs, reformulation costs, and/or packaging redesigns in order to comply with varying state-specific requirements, which can drive up prices for consumers across state lines. Patchwork standards undermine supply chain security and risk temporary shortages. As economic theory states, consumers will ultimately bear the brunt of these impacts. The screening-level analysis presented in this report focuses on consumers' impacts.

3. Anticipated Market Impacts on Consumers

These laws will impose additional costs on U.S. businesses and all consumers, especially those in Louisiana and Texas.

- Businesses will either redesign their packaging to include the label or reformulate their current products to avoid the labeling mandate. In either case, operating costs will increase and sales (revenue) will decrease. As a result, businesses will have less net income and will reduce payments to shareholders, employees, research and development, or some combination of these impacts.

- In response to business' strategies, Texas and Louisiana consumers will pay more for their products. They will have less income to spend on other goods and services. In general, if consumers buy the reformulated products, the price may be higher as

[9] "Request for Information on State Laws Having Significant Adverse Effects on the National Economy or Significant Adverse Effects on Interstate Commerce," *Federal Register* 90, no. 156 (2025): 39427–28.

[10] "EO 14219: Ensuring Lawful Governance and Implementing the President's 'Department of Government Efficiency' Deregulatory Initiative," *Federal Register* 90, no. 36 (2025): 10583–85; "EO 14192: Unleashing Prosperity Through Deregulation," *Federal Register* 90, no. 24 (2025): 9065–67.

businesses seek to recoup their higher operating costs If they continue to buy the now-labeled product, the new information is intended to cause them to question their choice, leading to costs to try new products and costs of anxiety and stress.

- Consumers throughout the rest of the United States will bear costs. First, companies may find it more efficient to use the same label in other states. Second, visitors to Texas and Louisiana will bear higher prices. Third, companies may increase prices on products throughout the U.S. market to pay for compliance with the states' laws.

In this screening analysis, we will consider the near-term impacts to Texas and Louisiana consumers and U.S. businesses. We can estimate these near-term future costs by measuring consumers' choices today. Today's market of goods sold and prices reveals consumers' willingness to pay for products affected by the law ("conventional products") and products that are not ("alternative products"). Consumers could buy these alternative products today but choose otherwise. The choice means that the alternatives are not consumers' preferences and are either inferior in some way. Specifically, the alternatives "cost" consumers more, where cost could be a higher purchase price, less desirable features of the alternative products (e.g., taste, shelf-life), availability, or some combination of all of these deficiencies. If they have to shift to these alternatives, in economic terms, consumers experience a loss in consumer surplus -- the value they gain from their purchases. Consumer surplus loss due to a government action is the preferred measure of a policy's social costs.[11]

We can estimate the near-term loss in consumer surplus by measuring the increased financial costs to consumers if they all shifted to today's higher-priced alternative products. In reality, not all consumers will switch. Some consumers will continue to buy conventional products even if they are labeled. The social costs will then be split between producers and consumers and between financial costs and non-monetary losses in time and in well-being (e.g., additional stress due to the label's message). Rather than model this complex set of losses, we can estimate the total social costs by assuming that everyone shifts to alternative products already in the market. Therefore, we must obtain the price difference between conventional and alternative products and the current sales of conventional products.

II. ANALYSIS

1. Estimate Consumer Spending on Affected Products

To estimate the social costs of the state laws, we begin by the simulating total spending increases for Texas and Louisiana residents if they were to continue current purchasing patterns and pay the price increases for alternatives. The first step is gathering data on total annual consumer spending for foods consumed at home and determining the portion of consumer spending attributed to products that must comply to the new labeling requirements. We rely on USDA Economic Research Service's (ERS) food-at-home monthly

[11] "Circular A-4, Regulatory Analysis," *Federal Register* 68, no. 196 (2003): 58366.

area prices (F-MAP) dataset on consumer purchasing patterns.[12] This dataset provides total monthly sales for 90 ERS food purchase groups (EFPGs) based on retail store scanner data for various U.S. Census regions. We limit this screening analysis to 19 EFPGs that are outlined in the following table that are likely to be affected by the laws:

> EFPGs are delineated into tiers, with tier 1 representing the major food groupings used in the Dietary Guidelines for Americans healthy dietary patterns—including grains, dairy, meat and protein foods, and fruits and vegetables—and two other categories: other foods and prepared meals, sides, and salads. Tier 2 represents subcategories under the major food groups.[13]

Table 2: USDA EFPGs Included in the Analysis

EFPG code	EFPG Name	Tier 1 group	Tier 2 group
15000	Non-whole-grain breads	Grains	Non-whole-grain breads, cereal, rice, pasta, and flours
15025	Non-whole-grain rice and pasta	Grains	Non-whole-grain breads, cereal, rice, pasta, and flours
15050	Non-whole-grain breakfast grains	Grains	Non-whole-grain breads, cereal, rice, pasta, and flours
15075	Non-whole-grain flour, bread mixes, and frozen dough	Grains	Non-whole-grain breads, cereal, rice, pasta, and flours
40060	Whole yogurt	Dairy	Whole milk, yogurt, and cream
43060	Reduced-fat, low-fat, and skim yogurt	Dairy	Reduced-fat, low-fat, and skim milk, cream, and yogurt
62500	Frozen and refrigerated ready-to-heat foods	Prepared meals, sides, and salads	Frozen/refrigerated ready-to-heat foods
67500	Shelf-stable meal kits	Prepared meals, sides, and salads	Shelf-stable meal kits
70050	Salad dressing	Other foods	Fats, oils, and salad dressings

[12] "Food-at-Home Monthly Area Prices, 2012 to 2018," *United States Department of Agriculture, Economic Research Service*, July 26, 2024, https://www.ers.usda.gov/data-products/food-at-home-monthly-area-prices.

[13] Megan Sweitzer et al., "Development of the Food-at-Home Monthly Area Prices Data," *Economic Research Service, U.S. Department of Agriculture* (Washington, D.C), Technical Bulletin, no. 1965 (2024): 7, https://doi.org/10113/8754865,%252010.32747/2024.8754865.ers.

EFPG code	EFPG Name	Tier 1 group	Tier 2 group
71000	Condiments, gravies, and sauces	Other foods	Gravies, sauces, condiments, and spices
72030	Low-calorie beverages	Other foods	Beverages
72040	All other caloric beverages	Other foods	Beverages
73010	Jellies and jams	Other foods	Desserts, sweets, and candies
73020	Candy	Other foods	Desserts, sweets, and candies
73030	Baked goods	Other foods	Desserts, sweets, and candies
73040	Cake and cookie mixes	Other foods	Desserts, sweets, and candies
73050	Ice cream and other milk-based desserts	Other foods	Desserts, sweets, and candies
73060	All other desserts	Other foods	Desserts, sweets, and candies
74050	All other breakfast cereal	Other foods	Breakfast cereals

We adjust the most recent F-MAP data for two reasons. First, the data is only available up to 2018. We inflate the spending to $2024 using the U.S. Bureau of Labor Statistics (BLS) consumer price index (CPI) inflation calculator.[14] Second, Texas and Louisiana are both subsumed in Census region three ("south") for this dataset. We scale the values for census region three to Texas and Louisiana by creating ratios of each state's total annual personal consumption expenditures (PCE) for food and beverages purchased for off-premises consumption relative to total PCE for this category across all 17 southern states that make up this Census region.[15] The result is a baseline estimate of each state's total consumer expenditure in $2024 per select food category.

2. Price Difference Data

[14] "CPI Inflation Calculator," United States Bureau of Labor Statistics, accessed September 11, 2025, https://www.bls.gov/data/inflation_calculator.htm.

[15] "Table 2.4.5U. Personal Consumption Expenditures by Type of Product," United States Department of Commerce, Bureau of Economic Analysis, August 28, 2025, https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&nipa_table_list=2017&categories=underlying.

Price differences represent consumers' willingness to pay today for products that do not contain covered ingredients and, therefore, will not carry these labeling disclosures.[16] For this screening-level analysis, we create a sample of popular products that will certainly be affected and screen for likely alternatives based on comparable flavor descriptions, branding, and/or other characteristics. For each affected product in the sample, we find one to three alternatives. In total, we sample 28 affected products and 53 alternatives across 12 categories of packaged foods. The following table summarizes the sample.

Table 3: Overview of Sampled Products

Packaged Food Category[17]	Total Affected Products Sampled	Total Alternatives per Food Category
Cereal	4	11
Tortilla Chips	2	5
Chocolate	1	2
Baked Goods	3	7
Candy	2	3
Soda	4	8
Commercial Bread	2	2
Yogurt	2	2
Ice cream & Frozen Desserts	2	4
Jams & Spreads	2	4
Juice Drinks	2	2
Flavored Water	2	4
Total	**28**	**53**

We then research prices for products and their alternatives from the Amazon marketplace.[18] While retail prices in each state may be different than the online prices, we would expect

[16] Alternative products may have other attributes (e.g., organic) that increase some consumers' demand that are independent of their ingredients and compliance with the laws.

[17] These categories are based on our assessment of likely types of foods that will be most affected by the laws, not the F-MAP dataset.

[18] Amazon.com, Inc., *Amazon.Com* (n.d.).

that the price difference between on-line products and local retail products to be close. To compare prices between conventional options and their alternatives, we normalize prices to a common unit measurement (e.g., dollars per fluid ounce, dollars per ounce).

Apply the Estimated Price Increases

We match the food categories in the sample from Table 3 to those selected from the F-MAP dataset. Given the limited sample size, we sometimes rely on proxies from the former for categories in the latter. For example, for non-whole-grain rice and pasta, we apply the percentages ascertained for commercial breads. Table 4 gives the assigned percent estimate price increases applied to each EFPG food category in this analysis.

Table 4: Estimated Price Increases

EFPG Food Category	Matching PNG Food Category	Estimated Price Increase (%)
All other caloric beverages	Juice Drinks	217
Frozen and refrigerated ready-to-heat foods	Ice cream & Frozen Desserts	153
Baked goods	Baked Goods	979
Candy	Candy	468
Non-whole-grain breads	Commercial Bread	173
Low-calorie beverages	Flavored Water	213
Condiments, gravies, and sauces	Jams & Spreads	500
Ice cream and other milk-based desserts	Ice cream & Frozen Desserts	153
Shelf-stable meal kits	Tortilla Chips	127
Reduced-fat, low-fat, and skim yogurt	Yogurt	78
Salad dressing	Jams & Spreads	500
Non-whole-grain flour, bread mixes, and frozen dough	Commercial Bread	173
All other breakfast cereal	Cereal	339
Non-whole-grain rice and pasta	Commercial Bread	173
All other desserts	Chocolate	815
Cake and cookie mixes	Baked Goods	979
Jellies and jams	Juice Drinks	217

EFPG Food Category	Matching PNG Food Category	Estimated Price Increase (%)
Whole yogurt	Yogurt	78
Non-whole-grain breakfast grains	Cereal	339

Finally, we apply the percentage increases to the annual spending amounts to reach an estimate of the expected social costs.

III. RESULTS

1. Estimated Social Costs

In Table 5 below, we present the baseline estimated annual spending by consumers in each state by USDA ERS' EFPG food category. Texas and Louisiana households are estimated to currently spend approximately $25 billion and $4.5 billion annually, per year on the food categories included in our analysis.

Table 5: Baseline Estimated Spending by Food Type per State (Millions/yr, $2024)

EFPG Food Category	Texas	Louisiana
All other caloric beverages	5,600	1,000
Frozen and refrigerated ready-to-heat foods	3,800	700
Baked goods	3,400	610
Candy	2,800	510
Non-whole-grain breads	1,700	310
Low-calorie beverages	1,700	310
Condiments, gravies, and sauces	1,300	240
Ice cream and other milk-based desserts	1,200	220
Shelf-stable meal kits	600	110
Reduced-fat, low-fat, and skim yogurt	500	91
Salad dressing	450	83
Non-whole-grain flour, bread mixes, and frozen dough	380	69
All other breakfast cereal	330	61

EFPG Food Category	Texas	Louisiana
Non-whole-grain rice and pasta	310	56
All other desserts	210	38
Cake and cookie mixes	210	38
Jellies and jams	100	18
Whole yogurt	44	8.0
Non-whole-grain breakfast grains	19	3.4
Grand Total	**25,000**	**4,500**

The results of our price differences analysis are presented in Appendix 1. We anonymize the products to prevent any unintended negative attention on specific products and manufacturers. Table 6 presents the results of this screening analysis, including the percentage price increases applied to each food category. The incremental social costs are $64 billion and $12 billion, respectively.

Table 6: Total Estimated Increased Social Costs (Millions/yr, $2024)

EFPG Food Category	Texas	Louisiana
All other caloric beverages	12,000	2,200
Frozen and refrigerated ready-to-heat foods	5,900	1,100
Baked goods	33,000	6,000
Candy	13,000	2,400
Non-whole-grain breads	3,000	540
Low-calorie beverages	3,600	660
Condiments, gravies, and sauces	6,600	1,200
Ice cream and other milk-based desserts	1,900	340
Shelf-stable meal kits	760	140
Reduced-fat, low-fat, and skim yogurt	390	71
Salad dressing	2,300	410
Non-whole-grain flour, bread mixes, and frozen dough	650	120
All other breakfast cereal	1,100	210
Non-whole-grain rice and pasta	530	97

EFPG Food Category	Texas	Louisiana
All other desserts	1,700	310
Cake and cookie mixes	2,000	370
Jellies and jams	220	40
Whole yogurt	34	6.2
Non-whole-grain breakfast grains	64	12
Grand Total	**89,000**	**16,000**

2. Estimated Household Financial Impacts

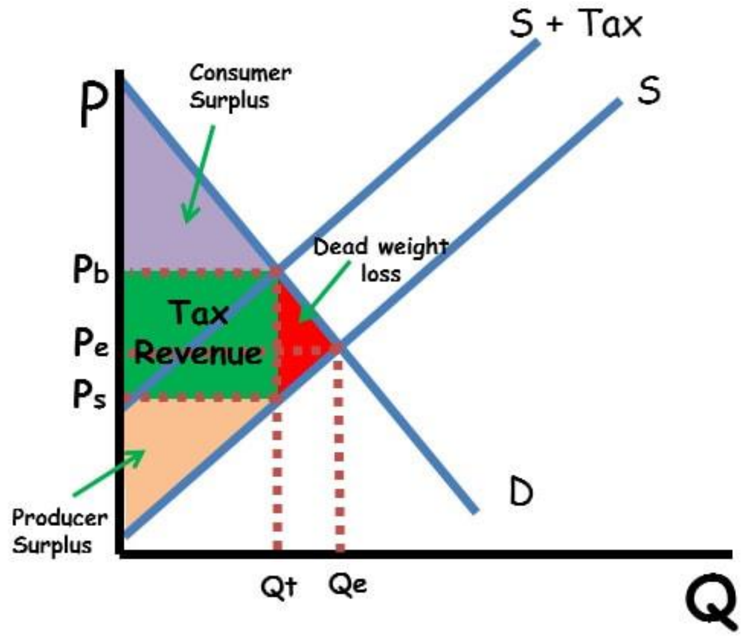
The most recent available Census data estimates approximately 12 million households in Texas and 2.1 million in Louisiana.[19] Thus, the spending increases presented in Table 6 would equate to annual costs of approximately $7,200 per household in Texas and $1,300 per household in Louisiana. Economic principles state that, in the long run and if nothing changes, consumers will bear these costs through higher prices, less choices, inferior substitutes, and lower returns on investments.

To estimate how much of these social costs will come directly out of households' budgets, microeconomics finds that the market will respond like a standard, external price shock. Figure 1 shows a typical textbook example of shifts modeled as a uniform tax increase. A restriction on the volume of products equates to the supply curve shifting from S to S + Tax. Consumers respond to higher prices by lowering their demand from Q_e to Q_t. In economic terms, this reduces consumer surplus, the triangle shape area bounded by the demand curve and P_e and P_b. This lost consumer surplus has two parts: transfers from the consumer to the producers and the deadweight loss.[20] The deadweight loss can be thought of as the consumers that had been purchasing packaged foods contained the covered ingredients listed in Table 1 but, as the new Texas and Louisiana laws take effect, do not choose to pay the higher prices for alternative products.

[19] "Texas, ACS 1-Year Demographic and Housing Estimates," United States Cencus Bureau: American Community Survey, 2023, https://data.census.gov/table?g=040XX00US22&y=2023; "Louisiana, ACS 1-Year Demographic and Housing Estimates," United States Cencus Bureau: American Community Survey, 2023, https://data.census.gov/table?g=040XX00US22&y=2023.

[20] In Figure 1, this transfer is the green shaded area, called "tax revenue."

Figure 1: Market Effects of the Product Ban[21]



Depending on the shape of the demand and supply curves, consumers will either pay more or less after the tax increase than before. The nearby shape of the demand curve can be approximated using the price elasticity of demand, the ratio of the rate of change of the quantity demanded to the rate of change of the price. The USDA has compiled estimates of price and income elasticities for many food categories.[22] However, since the price increases in Table 4 are so large, the calculated drop in quantities sold are so large (> 65 percent) that it is unlikely to occur.

Pachali et al. studied markets in Chile before and after the country introduced front-of-pack labeling that identified products with more calories and added sugars.[23] The authors measured sales and prices for labeled and unlabeled cereals two years before the FOP requirement and one-and-a-half years afterwards. They found that the market split. Lower income households, perhaps realizing the nutritional information, shifted to unlabeled products. As demand increased, prices for unlabeled products fell. Conversely, prices for labeled products increased substantially and demand fell. The authors speculate that more wealthier households sought to maintain their consumption and did not respond strongly to price changes since groceries are a relatively small part of their expenses. Companies, recognizing this submarket, raised prices. As a result, while there is some reduction in overall sales, total spending increases due to the price increases.

---

[21] Jacob Reed, "3 Things to Know About Per-Unit Taxes," *ReviewEcon.Com*, March 22, 2024, https://www.reviewecon.com/excise-taxes.

[22] USDA report in folder

[23] Article is in the DB folder

As an illustration, we apply the results of Pechali et al. to the Texas and Louisiana market. We assume that alternative products represent 10 percent of total sales in each product category. Under these assumptions, the average household in Texas will pay $2,200 more each year for groceries due the state labeling law. Households in Louisiana would pay $900 more per year.

IV. LIMITATIONS

This report presents a screening-level analysis conducted within the time constraints of the DOJ RFI's 30-day public comment period in order to illustrate the potential magnitude of impacts from the two state laws the analysis addresses. In this section, we outline some of the limitations that under- and overestimate different variables across the analysis.

1. Estimate Does Not Include Costs of Other Provisions in the Laws

As detailed in the introductory section of this report, each law includes other provisions that will have additional implementation and business costs. For example, the Louisiana law has a restaurant menu labeling requirement that will likely have dramatic impacts on the foodservice sector in each state. Both laws also impose ingredient bans and administrative costs on schools and local governments. The extent of these impacts are outside the scope of this screening analysis, but are likely to be material.

2. Costs will be Lower Over Time

This screening-level estimates represents the near-term social costs before producers have time to adjust production to better respond to the mandates and to consumer demand. As producers increase reformulations to expand alternative production output, market prices for unlabeled goods should decline from today's levels

Manufacturers and retailers will, as a result, experience losses in consumer demand. The decrease in products purchased by consumers equates to losses in revenue for businesses that produce, distribute, and sale these products. For the purposes of this screening analysis, we do not separate the amount of the social costs borne by businesses.

3. The Incremental Costs due to Baseline Purchases is more Complex

Today, some consumers are already purchasing alternative products. By applying the incremental cost increase to total spending by EFPG categories, the methodology assumes that all those consumers will bear costs to switch. For example, we can reasonably assume that not all purchases categorized under the EFPG for "jellies and jams" will be labeled products. The reality is more complex. A certain percentage of these products will not be impacted by the labeling laws. Since this subset of consumers already are willing to pay higher prices for alternative products, their incremental costs are minimal. While failing to subtract these consumers' purchases leads to some overstatement of the social costs, often less than ten percent of consumers are purchasing alternative products.

Conversely, there are EFPG categories that were not included in the analysis that may have subsets of products and their consumers which will be impacted. For example, we opt for non-whole-grain breads and exclude whole-grain breads. While products in the former are less likely to contain covered ingredients from either state law, it is not a guarantee because food processing itself is more complex. A loaf of whole-grain packaged bread contains whole-grain flour, which may also be bromated or bleached or contain ADA to achieve a certain texture and conditioning. Similarly, we exclude whole-grain breakfast cereals as a whole, but that understates common manufacturing practices that rely on preservatives like BHT to keep the flakes from going stale. Additional examples include canned vegetables that include some formulations that rely on sulfites or other preservatives and cheeses that might be processed with covered emulsifiers.

It is likely that the proportion of products excluded from this analysis yet produced with at least one covered ingredient from either state's expansive lists is larger than the proportion of products included in the analysis but is already compliant with the new labeling mandates. In Appendix 2, we include a list of excluded EFPGs that may have subsets of products with established manufacturing practices which would mean they are not exempt from the new requirements. Without more granular data that can parse out these complexities, it is unclear to what extent our estimated incremental costs are over or underestimated across the various food categories we cover.

4. Sampling Size and Other Bias

The limited size of our product sample (see Table 3) inevitably results in bias. In the real world, there are thousands of potentially-affected products and their alternatives that would present greater variance in pricing and price differentials. By extrapolating from a small sample to entire food categories, there will certainly be products for which the price increases do not reflect an accurate picture. The extent of this bias is uncertain given the limited data available.

5. Additional Consumer "Disbenefits" Not Included

Consumers must bear non-monetary costs – or "disbenefits" – under labeling schemes. These are the costs beneficiaries must bear to obtain a regulatory action's benefit. There are significant disbenefits under these mandates. First, consumers that shift to more healthy foods suffer a loss of satisfaction with the new products. Second, consumers must spend time to read, to understand, and then to take action on the FNL information for the benefits to occur. This time has value.

FDA started to acknowledge the first cost in more recent nutritional labeling rulemakings. For example, in the 2018 nutrition labeling requirements for restaurants, FDA discusses this cost and surveys the literature. FDA draws on Allcott et al. and Kalamov & Runkel, which show lost utility from increased taxes on sugar-sweetened foods equates to 30 percent to 50 percent of gross health impacts.[24] FDA also acknowledges this disbenefit in its recent “healthy” labeling claim.[25]

Furthermore, consumers must spend time to carry out an evaluation of the new labeling information, of alternative options, and then act on the internal evaluation. Consumers will also take time to try different alternatives over a short or long period of time until they settle on a decision. The time spent is a cost to the consumer. This learning process could be quick or protracted. Many consumers ignore or may only spend minimal time acknowledging or noticing the labels. Others may engage with friends and family, research certain foods and ingredients, consult with doctors and other professionals, and carry out a decision-making process within their household. This consumption of time displaces activities consumers could be engaging in during their leisure hours and is a direct result of this rulemaking.

6. Costs to Other Out-of-State Consumers Not Included

As mentioned above, consumers outside Texas and Louisiana will likely face increased costs due to these states’ laws. Since these costs are not included in this screening analysis, the analysis underestimates the social costs.

7. Prices Change Rapidly and Repeatedly

Online marketplaces adjust prices rapidly to respond to changes in consumer demand. Studies show that online marketplaces can change the price of goods multiple times in the same day. In this screening analysis, we only gathered prices at one point in time. This limited temporal sampling introduces additional uncertainty in the estimates.

---

[24] Hunt Allcott et al., “Should We Tax Sugar-Sweetened Beverages? An Overview of Theory and Evidence,” *Journal of Economic Perspectives* 33, no. 3 (2019): 202–27; Zarko Y. Kalamov and Marco Runkel, “Taxation of Unhealthy Food Consumption and the Intensive versus Extensive Margin of Obesity,” *International Tax and Public Finance* 29, no. 5 (2022): 1294–320.

[25] United States Food and Drug Administration, “Use of the Term ‘Healthy’ in the Labeling of Human Food Products,” *Rulmaking Docket* FDA-2016-D-2335 (n.d.).

REFERENCES

Act No.463, SB 14 (Chaptered), Legislature of Louisiana Regular Session, R.S. 40:661 and 662 (2025). https://legiscan.com/LA/text/SB14/id/3260174.

Allcott, Hunt, Benjamin B. Lockwood, and Dmitry Taubinsky. “Should We Tax Sugar-Sweetened Beverages? An Overview of Theory and Evidence.” *Journal of Economic Perspectives* 33, no. 3 (2019): 202–27.

Amazon.com, Inc. *Amazon.Com*. n.d.

“Circular A-4, Regulatory Analysis.” *Federal Register* 68, no. 196 (2003): 58366.

“EO 14192: Unleashing Prosperity Through Deregulation.” *Federal Register* 90, no. 24 (2025): 9065–67.

“EO 14219: Ensuring Lawful Governance and Implementing the President’s ‘Department of Government Efficiency’ Deregulatory Initiative.” *Federal Register* 90, no. 36 (2025): 10583–85.

“Food-at-Home Monthly Area Prices, 2012 to 2018.” *United States Department of Agriculture, Economic Research Service*, July 26, 2024. https://www.ers.usda.gov/data-products/food-at-home-monthly-area-prices.

Health and Safety Code Chapter 431. Texas Food, Drug, and Cosmetic Act, R.S., Ch. 1179 (S.B. 25), Sec. 9 § 431.0815 (2025). https://statutes.capitol.texas.gov/Docs/HS/htm/HS.431.htm#431.0805.

Kalamov, Zarko Y., and Marco Runkel. “Taxation of Unhealthy Food Consumption and the Intensive versus Extensive Margin of Obesity.” *International Tax and Public Finance* 29, no. 5 (2022): 1294–320.

“Louisiana, ACS 1-Year Demographic and Housing Estimates.” United States Cencus Bureau: American Community Survey, 2023. https://data.census.gov/table?g=040XX00US22&y=2023.

Reed, Jacob. “3 Things to Know About Per-Unit Taxes.” *ReviewEcon.Com*, March 22, 2024. https://www.reviewecon.com/excise-taxes.

“Request for Information on State Laws Having Significant Adverse Effects on the National Economy or Significant Adverse Effects on Interstate Commerce.” *Federal Register* 90, no. 156 (2025): 39427–28.

Sweitzer, Megan, Anne T. Byrne, Andrea Carlson, and Linda Scott Kantor. “Development of the Food-at-Home Monthly Area Prices Data.” *Economic Research Service, U.S. Department of Agriculture* (Washington, D.C), Technical bulletin ; number 1965, March 2024. https://doi.org/10113/8754865,%252010.32747/2024.8754865.ers.

“Table 2.4.5U. Personal Consumption Expenditures by Type of Product.” United States Department of Commerce, Bureau of Economic Analysis, August 28, 2025.

https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&nipa_table_list=2017&categories=underlying.

"Texas, ACS 1-Year Demographic and Housing Estimates." United States Cencus Bureau: American Community Survey, 2023. https://data.census.gov/table?g=040XX00US22&y=2023.

United States Bureau of Labor Statistics. "CPI Inflation Calculator." Accessed September 11, 2025. https://www.bls.gov/data/inflation_calculator.htm.

United States Food and Drug Administration. "Use of the Term 'Healthy' in the Labeling of Human Food Products." *Rulmaking Docket* FDA-2016-D-2335 (n.d.).

APPENDIX 1

Pseudo Name	Price	Unit Volume (OZ/fl OZ)	Price/volume	Price increase (%)
Cereal 1	3.77	16.1	$ 0.23	
Cereal 1 - Alt A	5.99	10.2	$ 0.59	251%
Cereal 1 - Alt B	9.99	7	$ 1.43	609%
Cereal 1 - Alt C	7.14	8	$ 0.89	381%
Cereal 1 - Alt D	3.99	16	$ 0.25	106%
Cereal 2	4.44	18.6	$ 0.24	
Cereal 2 - Alt A	34.8	104	$ 0.33	140%
Cereal 2 - Alt B	42.99	51.6	$ 0.83	349%
Tortilla chips 1	6.29	9.25	$ 0.68	
Tortilla chips 1 - Alt A	4.69	7.5	$ 0.63	92%
Tortilla chips 1 - Alt B	4.49	7.8	$ 0.58	85%
Tortilla chips 1 - Alt C	3.99	6	$ 0.67	98%
Chocolate 1	3.99	10	$ 0.40	
Chocolate 1 - Alt A	30.35	15.6	$ 1.95	488%
Chocolate 1 - Alt B	15.95	3.5	$ 4.56	1142%
Tortilla chips 2	5.94	14.5	$ 0.41	
Tortilla chips 2 - Alt A	4.99	7.8	$ 0.64	156%
Tortilla chips 2 - Alt B	4.99	6	$ 0.83	203%
Baked goods 1	6.98	165	$ 0.04	
Baked goods 1 - Alt A	7.49	20	$ 0.37	885%
Baked goods 1 - Alt B	5.49	10	$ 0.55	1298%
Baked goods 1 - Alt C	6.29	6	$ 1.05	2478%
Candy 1	11.92	50	$ 0.24	
Candy 1 - Alt A	12.49	50	$ 0.25	105%
Candy 2	7.97	28.8	$ 0.28	
Candy 2 - Alt A	8.82	5	$ 1.76	637%
Candy 2 - Alt B	19.74	10.8	$ 1.83	660%
Cereal 3	5.49	23	$ 0.24	
Cereal 3 - Alt A	37.04	97.6	$ 0.38	159%
Cereal 3 - Alt B	41.94	51.6	$ 0.81	341%
Cereal 4	3.1	18.8	$ 0.16	
Cereal 4 - Alt A	11.99	12	$ 1.00	606%
Cereal 4 - Alt B	41.94	51.6	$ 0.81	493%
Cereal 4 - Alt C	6.99	14.5	$ 0.48	292%
Soda 1	6	144	$ 0.04	
Soda 1 - Alt A	12.96	144	$ 0.09	216%
Soda 1 - Alt B	29.88	144	$ 0.21	498%
Soda 1 - Alt C	26.29	144	$ 0.18	438%
Soda 2	6.58	75	$ 0.09	
Soda 2 - Alt A	29.99	192	$ 0.16	178%

Pseudo Name	Price	Unit Volume (OZ/fl OZ)	Price/volume	Price increase (%)
Soda 2 - Alt B	7.41	96	$ 0.08	88%
Soda 3	7.79	160	$ 0.05	
Soda 3 - Alt B	15.24	192	$ 0.08	163%
Soda 4	23.84	216	$ 0.11	
Soda 4 - Alt A	29.99	192	$ 0.16	142%
Soda 4 - Alt B	35.99	120	$ 0.30	272%
Baked goods 2	3.48	12.7	$ 0.27	
Baked goods 2 - Alt A	6.1	4.2	$ 1.45	530%
Baked goods 2 - Alt B	4.99	5.99	$ 0.83	304%
Baked goods 3	2.97	16.2	$ 0.18	
Baked goods 3 - Alt A	5.49	4.6	$ 1.19	651%
Baked goods 3 - Alt B	27.99	21.5	$ 1.30	710%
Commercial Bread 1	2.89	20	$ 0.14	
Commercial Bread 1 - Alt A	4.36	20	$ 0.22	151%
Commercial Bread 1 - Alt B	4.49	16	$ 0.28	194%
Commercial Bread 2	5.59	16	$ 0.35	
Yogurt 1	0.99	6	$ 0.17	
Yogurt 2	3.98	5.3	$ 0.75	
Yogurt 2 - Alt A	5.49	5.3	$ 1.04	138%
Yogurt 2 - Alt B	6.17	48	$ 0.13	17%
Ice cream & Frozen Desserts 1	5.99	18	$ 0.33	
Ice cream & Frozen Desserts 1 - Alt A	2.74	10.4	$ 0.26	79%
Ice cream & Frozen Desserts 1 - Alt B	3.87	48	$ 0.08	24%
Ice cream & Frozen Desserts 2	4.49	24	$ 0.19	
Ice cream & Frozen Desserts 2 - Alt A	5.49	15	$ 0.37	196%
Ice cream & Frozen Desserts 2 - Alt B	6.48	11.04	$ 0.59	314%
Jams & Spreads 1	59.88	198	$ 0.30	
Jams & Spreads 1 - Alt A	11.99	12	$ 1.00	330%
Jams & Spreads 1 - Alt B	19.99	16	$ 1.25	413%
Jams & Spreads 2	46.18	198	$ 0.23	
Jams & Spreads 2 - Alt A	19.99	16	$ 1.25	536%
Jams & Spreads 2 - Alt B	18.99	11.28	$ 1.68	722%
Juice Drinks 1	2.69	52	$ 0.05	
Juice Drinks 1 - Alt A	3.46	64	$ 0.05	105%
Juice Drinks 2	11.17	192	$ 0.06	
Juice Drinks 2 - Alt A	29.99	156	$ 0.19	330%
Flavored Water 1	9.74	202.8	$ 0.05	
Flavored Water 1 - Alt B	33.99	216	$ 0.16	328%
Flavored Water 2	10.98	204	$ 0.05	
Flavored Water 2 - Alt A	11.96	192	$ 0.06	116%

Pseudo Name	Price	Unit Volume (OZ/fl OZ)	Price/volume	Price increase (%)
Flavored Water 2 - Alt B	22.65	216	$ 0.10	195%

APPENDIX 2

EFPG Name	EFPG code
Bacon, sausage, and lunch meats	56000
Beans, lentils, and peas, canned	27575
Beef, pork, lamb, veal and game, canned	50075
Cheese and cream cheese	46000
Chicken, turkey, and game birds, canned	51575
Fats and oils	70000
Fish and seafood, canned	53075
Flavored milk and other sweetened milk-based beverages	72020
Nut and seed butters and spreads	54550
Other/mixed vegetables, canned	29075
Potatoes, canned	20075
Processed cheese	46050
Ready-to-eat foods	60000
Savory snacks, all other snacks	75050
Savory snacks, whole-grain snacks	75000
Shelf-stable, ready-to-heat foods and soups	65000
Sweetened coffee and tea	72000
Sweeteners	73000
Tofu and meat substitutes	59000
Tomatoes, canned	23075
Whole-grain breads	10000
Whole-grain breakfast cereal	74000
Whole-grain flour, bread mixes, and frozen dough	10075