



**Colorado
Legislative
Council
Staff**

SB16-058

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 16, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0149
Prime Sponsor(s): Sen. Hill
Rep. Becker K.

Date: March 8, 2016
Bill Status: Senate Second Reading
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: COLORADO FARM TO CONSUMER SALES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	\$300	\$300
Cash Funds	300	300
State Expenditures	\$3,800	\$0
Cash Funds	3,800	0
TABOR Impact	\$300	\$300
Appropriation Required: \$3,800 - Department of Agriculture (FY 2016-17).		
Future Year Impacts: Ongoing revenue increase.		

Summary of Legislation

As amended by the Senate Business, Labor, and Technology Committee, the bill modifies the "Colorado Cottage Foods Act," which allows homemade food producers to sell certain food products directly to consumers. Current law divides the types of products that may be sold by producers into two tiers and specifies the foods that comprise each tier. The bill eliminates the tiered system and the State Board of Health's authority to make rules governing the production of tier two foods, which currently consist of pickled vegetables. The bill expands the type of foods that may be sold by producers under the Cottage Foods Act to include other nonpotentially hazardous foods and encourages, rather than mandates, a producer to take a food safety course.

The bill expands the provisions of the Custom Processing of Meat Animals Act, which regulates the slaughter and processing of certain animals for human consumption, to include the processing of poultry, and exempts producers who raise and slaughter up to 1,000 poultry each calendar year from the provisions of the act. Poultry producers exempted from the Custom Processing of Meat Animals Act must continue to comply with the act's requirements related to record keeping and labeling. In order to qualify for the exemption, the producer must not buy or sell poultry products other than those produced on the producer's own farm, the poultry must be properly labeled, be healthy when slaughtered, be slaughtered under sanitary practices, and can only be sold in Colorado.

The bill requires any person who wishes to slaughter more than 1,000 but fewer than 20,000 poultry to obtain a license from the Colorado Department of Agriculture (CDA). Both licensed and exempted poultry producers may sell poultry to individual. The CDA is required to consult with the Colorado Department of Public Health and Environment (CDPHE) regarding labeling of poultry sold under the act. All poultry and poultry products must be marked as required by the Agriculture Commissioner by rule.

The Commissioner of Agriculture is required to convene a stakeholder group that includes representatives from the CDPHE, retail food establishments, liability insurance companies, poultry farmers, poultry suppliers, processors operating under Custom Processing of Meat Animals Act, and any other interested party by July 1, 2016, and as needed thereafter. The CDA will meet with stakeholders to develop a regulatory framework for the processing of poultry that is sold to retail food establishments. A report on the findings and conclusions must be submitted to the stakeholders by November 30, 2016.

State Revenue

This bill **increases state revenue from fees by at least \$300 per year beginning in FY 2016-17**. Revenue will be deposited into the Inspection and Consumer Services Cash Fund in CDA. The fiscal note assumes at least one new licensed poultry processing facility will pay the current annual licensing fee of \$300 under this bill.

TABOR Impact

This bill increases state revenue from fees which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

This bill will increase cash fund expenditures by \$3,800 in FY 2016-17 only from the Inspection and Consumer Services Cash Fund in CDA.

Department of Agriculture. The CDA's workload will increase to convene a stakeholder group to develop a regulatory framework for the processing of poultry to be sold to retail food establishments. The CDA will also develop rules for labeling poultry in consultation with the CDPHE as well as create forms for new small poultry licences. CDA's workload increase can be addressed within existing resources but the rulemaking requires 40 hours of legal services hours from the Department of Law at \$95.01 per hour for a total of \$3,800. Inspection staff will inspect additional processing facilities within existing appropriations.

Department of Public Health and Environment. The CDPHE is required to consult with the CDA on labeling of poultry. This effort is expected to be addressed within existing appropriations.

Higher Education. Some institutions of higher education provide food safety courses for cottage food producers. Because food safety courses are no longer mandatory under the bill, it is likely that fewer producers will take the courses, resulting in a very minimal reduction in tuition revenue for those institutions that offer them.

Local Government Impact

Some local public health departments provide food safety courses for cottage food producers. Because food safety courses are no longer mandatory under the bill, it is likely that fewer producers will take the courses resulting in a reduction in fee revenue for the departments that offer them.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

The Department of Agriculture requires an appropriation of \$3,800 from the Inspection and Consumer Services Cash Fund to be reappropriated to the Department of Law.

State and Local Government Contacts

Agriculture	Higher Education
Information Technology	Public Health and Environment

Research Note Available

An LCS Research Note for SB16-058 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.