



Legislative
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FISCAL NOTE

Drafting Number: LLS 20-0523
Prime Sponsors: Rep. Valdez D.; Holtorf

Date: February 18, 2020
Bill Status: House Rural Affairs
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Bill Topic: **SUNSET REGULATION OF EGG DEALERS**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Sunset bill. This bill continues the licensing of egg dealers in the Department of Agriculture, which is scheduled to repeal on July 1, 2020. State fiscal impacts include a reduction in revenue and workload for one agency and an increase in revenue in workload for another agency resulting from changes to the program under the bill, as well as the continuation of the program's current revenue and expenditures. The program is continued through September 1, 2031.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 20-1211*

New Impacts		FY 2020-21	FY 2021-22
Revenue	Cash Funds	(\$1,350)	(\$1,350)
Expenditures		-	-
TABOR Refund	General Fund	(\$1,350)	(\$1,350)
Continuing Program Impacts		FY 2020-21	FY 2021-22
Revenue	Cash Funds	-	\$152,318
Expenditures	Cash Funds	-	\$147,017
	FTE	-	1.3 FTE
TABOR Refund	General Fund	-	\$152,318

* Table 1 shows the new impacts resulting from changes to the program under the bill and the continuing impacts from extending the program beyond its current repeal date. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

This bill continues the licensing of egg dealers in the Department of Agriculture (CDA) until September 1, 2031. The program is currently scheduled to repeal on July 1, 2020. It adds the regulation of nonpoultry eggs to the program and authorizes the Commissioner of Agriculture to adopt rules on regulating nonpoultry eggs. Civil penalties will be deposited into the General Fund rather than the Inspection and Consumer Services Cash Fund.

Background

The CDA licenses approximately 2,800 egg dealers. Eggs are inspected at production, retail, and wholesale facilities throughout the state to ensure egg quality and accuracy in labeling. Dealer license fees range from \$25 up to \$300 based on the size of the operation. The higher the production volume, the more inspections that are conducted for dealers. The Commissioner of Agriculture has the authority to take disciplinary action including stop sale notices, legal remedies, fines and civil penalties.

Continuing Program Impacts

Based on the department's FY 2020-21 budget request, the CDA is expected to have revenue of \$152,318 and expenditures of \$147,017 to administer the licensing of egg dealers. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2021-22. Although the continuing revenue is subject to the state TABOR limits, the fiscal note does not identify any change to TABOR refunds because the revenue is already accounted for in the Legislative Council Staff quarterly revenue forecast. If this bill is not enacted, the program will end on July 1, 2021, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2021-22 by the amounts shown in Table 1. The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditure sections below.

State Revenue

On net, this bill will decrease state cash fund revenue by \$1,350 per year beginning in FY 2020-21. This includes an increase in revenue to the Inspection and Consumer Services Cash Fund in the CDA by \$250 and a reduction in revenue to the Wholesale Food Manufacturing and Storage Protection Fund in the Colorado Department of Public Health and Environment (CDPHE) by \$1,600 per year. This change is expected because the bill allows for nonpoultry egg producers to be licensed by the CDA at a lower license fee than they are paying to be licensed under the CDPHE Manufactured Food Program. The fiscal note assumes that 10 nonpoultry egg producers will be licensed by the CDA for a fee of \$25 rather than a fee of \$160 at CDPHE.

State Expenditures

This bill will minimally increase workload for the CDA to license and inspect 10 new nonpoultry egg producers and reduce workload for the CDPHE which will no longer license and inspect those producers. These changes in workload do not require a change in appropriations.

TABOR refund. The bill is expected to reduce state General Fund obligations for TABOR refunds by \$1,350 in FY 2020-21 and FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill will correspondingly decrease the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Agriculture

Public Health and Environment