



# Fiscal Note

## Legislative Council Staff

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### HB 26-1033: EXPANDING THE COLORADO COTTAGE FOODS ACT

**Prime Sponsors:**

Rep. Gonzalez R.; Duran

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**Fiscal note status:** This fiscal note reflects the introduced bill.

#### Summary Information

**Overview.** The bill expands the Colorado Cottage Food Acts to include the production and sale of refrigerated food, and makes changes to the act's applicability, requirements, and penalty authorization.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$157,968 to the Department of Public Health and Environment.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$191,070	\$209,153
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.5 FTE	1.8 FTE

Fund sources for these impacts are shown in the table below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year</b> <b>FY 2026-27</b>	<b>Out Year</b> <b>FY 2027-28</b>
General Fund	\$157,968	\$169,373
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$33,102	\$39,780
<b>Total Expenditures</b>	<b>\$191,070</b>	<b>\$209,153</b>
<b>Total FTE</b>	<b>1.5 FTE</b>	<b>1.8 FTE</b>

## **Summary of Legislation**

The bill expands the Colorado Cottage Foods Act (CCFA) to include certain refrigerated products, eliminates the regulatory revenue cap on producers, and authorizes counties to impose fines on producers for specific actions.

### **CCFA Expansion**

The CCFA currently allows producers to sell a limited range of nonhazardous and nonrefrigerated foods produced from their home kitchen, such as pickled fruits and vegetables, spices, teas, honey, and more. The bill expands the CCFA to include the production and sale of foods that require refrigeration, such as tamales, burritos, tortas, but excludes other products such as raw milk, fermented foods, and alcohol. The bill also permits the production and sale of meat and meat products upon federal or state inspection, or an inspection exemption.

Producers selling refrigerated food product must also:

- meet existing state and federal food safety regulations;
- meet new state provisions regarding appropriate temperature regulation and reheating restrictions; and
- complete a food safety and handling course specific to time and temperature control.

### **Regulatory Cap**

Current law caps CCFA regulations on individuals earning \$10,000 or less per year for each eligible food product sold. The bill removes this cap and applies the CCFA to all producers.

## County Fines

Lastly, the bill authorizes local health agencies to impose fines on producers that misbrand products or cause a food-borne illness outbreak, and recover costs incurred during inspection.

## Background and Assumptions

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### Cottage Foods Program

The Colorado Department of Public Health and Environment (CDPHE) currently regulates those cottage food producers that sell nonhazardous, nonrefrigerated products. At the current inquiry volume—approximately 50 inquiries per week—and existing staffing levels of about 1.0 FTE, the cottage foods program is operating at full capacity. Explicitly authorizing meat and meat products is expected to increase both the volume and complexity of inquiries, as well as the number of complaints requiring follow-up and response. In particular, meat-related inquiries and investigations typically require substantially more staff time due to applicable federal regulatory requirements and the need for coordination with local public health agencies (LPHAs).

### Penalty Revenue

The bill permits LPHAs to impose fines on producers that cause foodborne illness outbreaks, and recover administrative costs. However, the bill does not explicitly allow the state to recover those same costs or administer fines. While many Colorado counties address food inspection and outbreaks at the local level, others delegate this work to the state. Therefore, the fiscal note assumes that the state will incur expenditures that are not offset by penalty revenue.

### Foodborne Illness Outbreaks

Homemade foods may be prepared in environments that lack commercial equipment, and refrigerated foods pose a higher risk of foodborne illness than foods currently covered by the CCFA. For context, the U.S. Centers for Disease Control and Prevention estimates that food prepared in private homes has resulted in 978 foodborne illness outbreaks across the nation between 2013 and 2023.<sup>1</sup> Therefore, the costs identified in the fiscal note reflect public health responses to an assumed two outbreaks of foodborne illnesses per year in Colorado. Since such incidents are unpredictable, and the scale and types of pathogens involved vary, actual costs may depart from the fiscal note. In years with fewer outbreaks, some expenditures will not occur. In years with more or larger outbreaks, additional resources may be required, which will be addressed through the annual budget process.

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<sup>1</sup> U.S. Centers for Disease Control and Prevention, [BEAM Dashboard](#).

## **Federal Meat Inspection**

The Federal Meat Inspection Act (FMIA) requires all meat and meat food products intended for sale in commerce, including direct-to-consumer transactions, to be prepared in USDA-inspected facilities. The FMIA provides limited exemptions for private, uninspected home kitchens, including retail operations that use meat processed in a USDA-inspected facility and sold direct to consumers. Therefore, this fiscal note assumes that producers under the CCFA meet the bill's criteria to sell meat and meat products.

## **State Expenditures**

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The bill increases state expenditures in the CDPHE by about \$191,000 in FY 2026-27 and \$210,000 in future years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of Public Health and Environment**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$122,048	\$147,069
Operating Expenses	\$1,920	\$2,304
Capital Outlay Costs	\$14,000	\$0
Laboratory Costs	\$20,000	\$20,000
Centrally Appropriated Costs	\$33,102	\$39,780
<b>Total Costs</b>	<b>\$191,070</b>	<b>\$209,153</b>
<b>Total FTE</b>	<b>1.5 FTE</b>	<b>1.8 FTE</b>

## **Staff**

Beginning in FY 2026-27, the CDPHE requires 1.8 FTE to implement the requirements of the bill. Staff costs and FTE are prorated in the first year based on the bill's effective date. Standard operating and capital outlay costs are included.

## **Compliance and Oversight**

The Division of Environmental Health and Sustainability requires 1.0 FTE Environmental Protection Specialist II to respond to producer questions, review complaints, provide investigative support, develop guidance around refrigerated food production, coordinate with LPHAs, and ensure federal compliance.

## Outbreak Resources

When a foodborne illness outbreak occurs, the CDPHE requires additional staff to monitor case reports, investigate cases, support LPHAs, develop education materials, report data, and test samples. These requirements are estimated at 0.4 FTE per outbreak. Assuming two outbreaks per year, the Disease Control and Public Health Response Division requires 0.8 FTE Health Professional III and Scientist I.

## Laboratory Costs

Equipment and testing costs are estimated at \$20,000 per year, assuming that the department tests about 20 samples per outbreak at a rate of \$500 per test.

## Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2 above.

## Local Government

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To the extent that additional foodborne illness outbreaks occur, workload and costs will increase in LPHAs. Revenue will also increase if local agencies impose fines on producers for misbranding product or causing a foodborne illness outbreak, which is expected to offset costs at the local level.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct occurring on or after the effective date.

## State Appropriations

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For FY 2026-27, the bill requires a General Fund appropriation of \$157,968 to the Department of Public Health and Environment, and 1.5 FTE.

## **State and Local Government Contacts**

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Counties

Public Health and Environment