



**Colorado
Legislative
Council
Staff**

HB17-1079

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 13, 2017)

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

Drafting Number: LLS 17-0662
Prime Sponsor(s): Rep. Kennedy
Sen. Coram; Jahn

Date: May 2, 2017
Bill Status: Senate Finance
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: CONTINUE FEES WHOLESALE FOOD MANUFACTURE & STORAGE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	<u>\$466,300</u>	<u>\$466,300</u>
<i>Continuing revenue</i>		
Cash Funds	396,595	396,595
<i>New revenue</i>		
Cash Funds	69,705	69,705
State Expenditures	<u>\$491,510</u>	<u>\$491,510</u>
<i>Continuing expenditures</i>		
Cash Funds	491,510	491,510
TABOR Impact		
<i>Continuing revenue</i>	\$396,595	\$396,595
<i>New revenue</i>	69,705	69,705
FTE Position Change	3.0 FTE	3.0 FTE
Appropriation Required: \$491,510 - CDPHE (FY 2017-18).		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

The **reengrossed** bill continues the Wholesale Food Manufacturing and Storage Protection Program at the Colorado Department of Public Health and Environment (CDPHE) that is currently set to expire on July 1, 2017, and restructures the program's fees. The bill creates a \$100 annual application fee to be paid by all wholesale food manufacturing and storage businesses, and an additional registration fee associated with a specific business type. Nonprofit food storage facilities are exempt from all fees.

Background

The Colorado Wholesale Food Manufacturing and Storage Program is a statewide food safety program that annually administers registration for over 1,800 facilities, 750 wholesale food inspections and compliance related activities, and 570 recalls. The program enables Colorado food manufacturers to ship their products out-of-state. This program is not part of the sunset review process, so as a result, it does not have a wind up period after its repeal date.

State Revenue

By continuing the Colorado Wholesale Food Manufacturing and Storage Program, this bill increases state cash fund revenue by \$466,300 per year beginning in FY 2017-18 to the Wholesale Food Manufacturing and Storage Protection Cash Fund in the CDPHE. This revenue increase includes the continued collection of \$396,595 in fee revenue annually and new cash fund revenue of \$69,705 per year.

Fee impact on business. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The total fee revenue under the bill is shown in Table 1.

Type of Wholesale Manufacturing and Storage Business	Application Fee	Registration Fee	Number Affected	Total Fee Impact
gross annual sales up to \$150,000	\$100	\$60	910	\$145,600
gross annual sales of \$150,000 or more	100	300	753	301,200
grain storage facilities, breweries, brew pubs, wineries, or distilleries	100	0	165	16,500
certificate of free sale	N/A	150	20	3,000
TOTAL			1,848	\$466,300

Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected*	Total Fee Impact
Breweries, brew pubs, wineries, distilleries	\$0	\$100	\$100	90	\$9,000
Very Small Business	0	160	160	473	75,680
Small Business	185	160	(25)	277	(6,925)
Medium Business (\$50K-\$150K)	307	160	(147)	160	(23,520)
Large Business	390	400	10	753	7,530
Non-profit	0	0	0	43	0
Grain Storage	0	100	100	75	7,500
Certificate of Free Sale	128	150	22	20	440
TOTAL				1,891	\$69,705

*Extrapolated from CDPHE data.

Because the fees are restructured, there is not a direct correlation between the existing fee categories and the new fee categories, but Table 2 below approximates the relationship between current and proposed fees and identifies the fee impact of this bill.

TABOR Impact

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

Because the Legislative Council Staff revenue forecast already accounts for continued revenue from fees on wholesale manufacturing and storage business, the \$396,595 in continuing revenue in this bill does not require an adjustment to the amount required to be set aside in the budget for TABOR refunds.

State Expenditures

By continuing the Colorado Wholesale Food Manufacturing and Storage Program, the bill increases expenditures in the CDPHE by \$491,510 and 3.0 FTE in FY 2017-18 and FY 2018-19. These costs represent the continuation of the program beyond its current repeal date.

Effective Date

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

State Appropriation

For FY 2017-18, the CDPHE requires \$491,510 from the Wholesale Food Manufacturing and Storage Protection Cash Fund and an allocation of 3.0 FTE.

State and Local Government Contacts

Counties Information Technology Public Health And Environment