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FISCAL NOTE

Drafting Number: LLS 18-0459 Date: February 22, 2018
Prime Sponsors: Rep. Hansen; McKean Bill Status: House Agriculture
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Bill Topic: SUNSET CUSTOM MEAT PROCESSING

- Summary of Fiscal Impact: State Revenue (continuing), State Expenditure (continuing), State Transfer, TABOR Refund, Local Government, Statutory Public Entity

Sunset bill. HB 18-1235 continues the regulation of custom meat processing in the Department of Agriculture, which is scheduled to repeal on July 1, 2018. State fiscal impacts under the bill include only 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-1235*

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include New Impacts (Revenue, Expenditures) and Continuing Program Impacts (Revenue, Expenditures) with sub-categories like Cash Funds and FTE.

* 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. Because the bill continues a program without making any substantive changes, there are no new impacts. 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 regulation of custom meat processing in the Department of Agriculture, which is scheduled to repeal on July 1, 2018, through September 1, 2031. In addition, the bill authorizes licensed poultry processors who process more than 1,000 but less than 20,000 birds per year, to sell poultry to retail food establishments and individuals.

Background

Custom meat processing is the slaughter or processing, for a fee or other compensation, of meat or meat products of an animal that is not owned by the processor and not intended for sale by the owner of the animal. Custom meat processing facilities are licensed by the Division of Inspection and Consumer Services in the Department of Agriculture. Facilities can be traditional, stand-alone buildings, or mobile units. The program is funded by fees and federal reimbursements for inspections.

Continuing Program Impacts

Based on the its FY 2018-19 budget request, the Department of Agriculture is expected to have cash funds revenue of \$33,000 and expenditures of \$38,000 to administer the Custom Processing of Meat Animals program. Expenditures exceed revenue to bring the Inspection and Consumer Services Cash Fund into compliance with its statutory fund limit. The fiscal note assumes that revenue and expenditures will balance once the cash fund comes into compliance. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2019-20. If this bill is not enacted, the program will end on July 1, 2019, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2019-20 by the amounts shown in Table 1.

Effective Date

The bill takes effect July 1, 2018.

State and Local Government Contacts

Agriculture Information Technology