



## Legislative Council Staff

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# Fiscal Note

**Drafting Number:** LLS 22-0011  
**Prime Sponsors:** Rep. Valdez D.  
Sen. Hansen

**Date:** January 26, 2022  
**Bill Status:** House Business  
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**Bill Topic:** **BLOCKCHAIN AGRICULTURE AND UNIFORM COMMERCIAL CODE**

**Summary of Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill requires the Commissioner of Agriculture to develop an online educational program for agricultural producers about the benefits of blockchain technology, and addresses the treatment of digital assets in the Uniform Commercial Code and courts. The bill increases state expenditures on an ongoing basis beginning in FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill requires an appropriation of \$72,768 to the Department of Agriculture.

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

**Table 1**  
**State Fiscal Impacts Under HB 22-1053**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$72,768	\$6,200
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$10,915	\$930

## Summary of Legislation

House Bill 19-1247 created an advisory committee to study potential applications for blockchain technology in agricultural operations. The advisory committee published a report with recommendations that are included in this bill. The bill implements the recommendations as follows:

- requires the Commissioner of Agriculture to create and deploy an online education program for agricultural producers on the benefits of blockchain technology in agricultural production, distribution, and sales;
- adds the treatment of digital assets to the Uniform Commercial Code; and
- clarifies that Colorado courts have jurisdiction to hear claims in law and equity concerning such assets.

## Background

Blockchain is the technology underlying cryptocurrency that can be used as a distributed ledger. Each block contains a cryptographic hash that links to the previous block, its own hash, a date and time stamp, and transaction data. Transactions using blockchain are considered secure and made with decentralized peer-to-peer technology, rather than going through a centralized third party.

## State Expenditures

This bill will increase General Fund expenditures for the Department of Agriculture by \$72,768 in FY 2022-23 and \$6,200 in FY 2023-24 and thereafter. Expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 22-1053**

	FY 2022-23	FY 2023-24
<b>Department of Agriculture</b>		
Technology Research Vendor	\$58,068	-
Online Course Development	\$14,700	-
Online Course Maintenance and Support	-	\$6,200
<b>Total Cost</b>	<b>\$72,768</b>	<b>\$6,200</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Agriculture.** The department will contract with a blockchain technology subject matter expert to develop the curriculum for the online education program. The department will also contract with an information technology subject matter expert in both blockchain technology and agriculture to create the online program. Existing Markets Division administrative staff will work with the contractors to collect stakeholder input, and implement and promote the online education program. The costs for program development, deployment, and maintenance are based on an online learning management system developed for the Pet Animal Care Facilities Act program.

**Judicial Department.** The bill may increase civil filings related to digital assets. Any increase is expected to be minimal and not require additional appropriations, nor generate state revenue.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$10,915 in FY 2022-23 and \$930 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$72,768 to the Department of Agriculture.

## State and Local Government Contacts

Agriculture  
Law

Information Technology  
Regulatory Agencies

Judicial  
State