



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

# Final Fiscal Note

<b>Drafting Number:</b>	LLS 24-0371	<b>Date:</b>	June 21, 2024
<b>Prime Sponsors:</b>	Sen. Roberts; Pelton B. Rep. McCluskie	<b>Bill Status:</b>	Deemed Lost
		<b>Fiscal Analyst:</b>	Matt Bishop   303-866-4796 matt.bishop@coleg.gov

**Bill Topic: AUTHORIZING DIRECT-TO-CONSUMER SALES OF RAW MILK**

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill would have legalized the direct-to-consumer sales of raw milk if certain conditions were met. It would have increased state expenditures beginning in FY 2024-25.

**Appropriation Summary:** For FY 2024-25, the bill would have required an appropriation of \$93,912 to the Department of Agriculture.

**Fiscal Note Status:** The final fiscal note reflects the introduced bill. The bill was deemed lost in the Senate on May 9, 2024; therefore, the impacts identified in this analysis do not take effect.

**Table 1**  
**State Fiscal Impacts Under SB 24-043**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$93,912	\$108,620
	Centrally Appropriated	\$13,880	\$17,350
	<b>Total Expenditures</b>	<b>\$107,792</b>	<b>\$125,970</b>
	<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$14,087	\$16,293

## **Summary of Legislation**

In current law, the sale of raw, unpasteurized milk is prohibited. The bill legalizes the sale of raw cow or goat milk when it is sold directly to consumers at the point of production, the consumer's residence, or at a farmer's market or roadside market.

To sell raw milk, a raw milk producer must be registered with the Department of Public Health and Environment (CDPHE) and meet certain handling and labeling requirements. The Department of Agriculture (CDA) may establish handling, storage, labelling, and transportation requirements for the sale of raw milk by rule in consultation with CDPHE. CDA may investigate raw milk producers and apply a civil penalty to or seek a civil action in court against a producer that violates the program's requirements.

## **Background and Assumptions**

Although sales of raw milk are prohibited in Colorado, consumption of raw milk is permitted when the consumer owns the cow or goat that produces the milk, or through cow share and goat share programs, where the consumer holds an interest in the livestock and receives the milk directly. The dairy where the animal is located must be registered with CDPHE, and there are about 250 cow share or goat share operations in Colorado. In addition, the fiscal note assumes the program will be supported by the General Fund, as the bill does not give CDA specific authority to collect a registration fee. See Technical Note.

## **State Revenue**

The bill may increase revenue from civil penalties assessed for violations of the bill. The fiscal note assumes that raw milk producers will generally follow the law and that any fine revenue will be minimal. Fine revenue is subject to TABOR.

## **State Expenditures**

The bill increases expenditures in CDA by approximately \$108,000 in FY 2024-25 and \$126,000 in future years. The fiscal note assumes that expenditures are paid from the General Fund. Costs are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under SB 24-043**

	FY 2024-25	FY 2025-26
<b>Department of Agriculture</b>		
Personal Services	\$78,586	\$98,232
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Travel	\$7,382	\$8,858
Inspections	\$250	\$250
Centrally Appropriated Costs <sup>1</sup>	\$13,880	\$17,350
<b>Total Cost</b>	<b>\$107,792</b>	<b>\$125,970</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

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

**Department of Agriculture.** The CDA will have costs to establish a new oversight program to manage registrations of raw milk producers and to investigate complaints, as outlined below.

- **Staff.** Administering the registration program requires 1.0 FTE in the Inspection and Consumer Services Division. This work includes drafting rules, collaborating with CDPHE to access existing registration data, responding to complaints, testing, and checking for compliance with storage, handling, and transportation requirements. Capital outlay and standard operating costs are included, and costs are prorated in FY 2024-25 for the bill's effective date.
- **Travel.** CDA staff will incur travel costs to conduct inspections. These costs include a vehicle, mileage, hotel, and per diem based on five to ten trips per year, and have been prorated in FY 2024-25 for the bill's effective date.
- **Inspections.** CDA will conduct inspections as needed for compliance with storage, handling, and transportation requirements. Additional operating expenses include testing and safety equipment.

**Department of Public Health and Environment.** Expenditures may increase in the department to respond to additional disease outbreaks, depending on the frequency and severity of potential outbreaks. Any additional resources will be addressed through the budget process.

**Department of Law.** CDA may require general counsel support to promulgate rules for the regulatory program. This can be accomplished within existing legal services appropriations.

**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.

## **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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **Technical Note**

Unlike most registration/regulatory programs, the bill does not give CDA specific authority to collect a fee from registered raw milk producers, nor does it identify a cash fund in which fees may be deposited or used to support the program. Thus, the fiscal note assumes that General Fund is required to support the new program.

For information purposes, if the bill is interpreted or amended to allow CDA to collect a registration fee, it is estimated to result in about \$126,000 in cash fund revenue per year, assuming 200 producers (80 percent of total producers) register and pay a \$630 annual fee. This revenue would be subject to TABOR, which would increase the state's TABOR refund obligation and reduce General Fund available to spend or save throughout the current forecast period (FY 2024-25 and FY 2025-26). If fee revenue is collected, it is assumed to be available to support program expenditures beginning in FY 2025-26.

## **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 2024-25, the bill requires a General Fund appropriation of \$93,912 to the Department of Agriculture, and 0.8 FTE.

## **State and Local Government Contacts**

Agriculture  
Law

District Attorneys  
Public Health and Environment

Information Technology