

AGRICULTURE

Labeling of Food Products

HB 14-1058 (*Postponed Indefinitely*)
Voluntary Labeling Genetically Engineered
Food

Agricultural Oversight

SB 14-184 (*Enacted*)
Oversight of the Industrial Hemp Program

HB 14-1007 (*Deemed Lost*)
Prohibit Agricultural Burning Fire
Danger and Restrict Fireworks

Animal Care

HB 14-1270 (*Enacted*)
Sunset Pet Animal Care Facilities

Taxation

HB 14-1119 (*Enacted*)
Tax Credit for Donating Food to Charitable
Organization

The General Assembly considered bills on a variety of agricultural issues in 2014 including agricultural labeling, agriculture oversight, taxation, and animal care.

Labeling of Food Products

As introduced, **House Bill 14-1058**, which was postponed indefinitely, would have amended the Colorado Food and Drug Act to define "genetically engineered." It also would have allowed a person who sells, distributes, or offers food for sale in Colorado to label the food as not containing genetically engineered material if the food contained less than 1 percent genetically engineered material and if the person submitted an affidavit to the Department of Public Health and Environment (DPHE). The bill classified as a misdemeanor offense the false labeling of food as not containing genetically engineered material if the food was to be offered for sale in Colorado. Finally, the bill authorized the DPHE to promulgate rules for administration and enforcement of the provisions of the bill including a testing methodology to determine the presence of genetically engineered material.

Agricultural Oversight

As introduced, **House Bill 14-1007**, which was deemed lost, would have expanded the authority of county governments to regulate fires. Under the bill, counties would have been permitted to ban or restrict agricultural burning on "red flag" days, when red flag warning or fire weather watches had been issued by the National Weather Service. The bill also would have authorized counties to regulate fireworks at all times of year, amending existing statute that generally prohibits counties from enforcing regulations concerning the sale, use, and possession of fireworks between May 31 and July 5 of each year.

Industrial Hemp. In 2012, Colorado voters approved Amendment 64 that authorized the recreational use of marijuana by persons at least 18 years of age. The amendment also required the state legislature to enact legislation concerning the growth, processing, and sale of industrial hemp. Industrial hemp is a plant of the genus Cannabis and any part of the plant, whether growing or not, containing a delta-9 tetrahydrocannabinol (THC) concentration of no more than 0.3% on a dry weight basis.

Senate Bill 14-184 modifies certain provisions of the existing Industrial Hemp Registration Program and creates a Seed Certification Program and an Industrial Hemp Research Grant Program. Previous to the passing of this bill, an industrial hemp grower had to apply for registration prior to May 1 of the year in which the applicant planned to grow industrial hemp. SB 14-184 changes this requirement to anytime prior to planting the industrial hemp. The bill also eliminates the 10-acre limitation for growing industrial hemp for research and development purposes. The bill specifies that the Industrial Hemp Committee is required to work with the Department of Agriculture to develop a Seed Certification Program.

In addition, the bill establishes the Industrial Hemp Research Grant Program to fund research at state institutions of higher education to develop or recreate strains of industrial hemp best suited for industrial applications. It specifies that the institutions may work with private hemp developers and other stakeholders to develop a Colorado heritage seed and that the Commissioner of Agriculture may collect from registrants an additional fee, established by the Industrial Hemp Committee, to fund industrial hemp research and certification programs. Further, the grant program may solicit money from foundations, private individuals, or any other funding sources that can be used to expand the scope or time frame of hemp research. Beginning July 1, 2015, the bill authorizes the program to receive up to \$10 million in appropriations from the Marijuana Cash Fund.

Under the bill, institutions or research and development registrants are not subject to penalties for crops that test higher than the allowable limits of THC as long as the crop is destroyed or utilized in a manner approved and verified by the commissioner. Finally, the bill allows a person to process, sell, and distribute hemp cultivated by a registered person, or to sell products produced from the hemp.

Animal Care

House Bill 14-1270 continues the Pet Animal Care and Facilities Act (PACFA) in the Colorado Department of Agriculture (CDA) until September 1, 2019, and implements some of the recommendations of the sunset review conducted by the Department of Regulatory Agencies.

The bill harmonizes definitions of "canine hobby breeder facility" and "dog breeder, small scale operation;" excludes any wildlife sanctuary from the PACFA requirements; repeals certain exemptions for nonhuman primates; and increases the cap on license fees from \$350 to \$700. In addition, CDA staff is required to report to local law enforcement or the State Bureau of Animal Protection suspected animal cruelty or animal fighting discovered as part of an investigation. Knowingly making a false report is a class 1 petty offense and CDA staff is immune from liability if the report is made in good faith.

Written reports. By February 1, 2018, the bill requires the Commissioner of Agriculture (commissioner) to provide a written report to specified committees of the General Assembly discussing, as of September 1, 2013 and September 1, 2017, fee schedules for all classes of PACFA licenses, including those issued and those renewed; total revenue received by the CDA as a result of fees charged under PACFA; and the total number of personnel employed by CDA

to administer PACFA. In addition, beginning on February 1, 2015, the commissioner must annually report to certain committees of the General Assembly explaining the need for and purposes of any increase in the fee charged for any class of a new or renewed PACFA license. The report must also contain the number of inspections performed each month before and after any increase.

Commissioner of Agriculture authorization. The bill also authorizes the commissioner to adopt rules for PACFA licensees regarding rabies vaccination recommendations, warnings, and disclosures related to the sale, transfer, trade, or adoption of dogs, cats, ferrets, or birds. In addition, it authorizes the commissioner to deny, refuse to renew, or revoke a license when any controlling member of an organization licensed under PACFA has been convicted of animal cruelty or animal fighting. Licensees may reapply for a PACFA license two years after the date of revocation. If an organization's license was revoked because of an animal cruelty conviction, the two-year waiting period also applies to any controlling member of the organization.

Taxation

House Bill 14-1119 creates an income tax credit for individual and corporate taxpayers who donate food to hunger-relief charitable organizations. The credit in the bill is available to all taxpayers who, in the same year in which they claim the credit, also submit a federal Schedule F indicating profit or loss from farming.

The credit applies to food usable for consumption by human beings, including specifically livestock, eggs, milk, grains, fruits, vegetables, and big game processed at a facility certified by the United States Department of Agriculture. The value of the credit is equal to 25 percent of either the wholesale market price or the most recent sale price of the contributed food. The value of the credit is capped at \$5,000 per taxpayer each year. Any credit exceeding the claimant's tax liability may not be refunded but may be carried forward to a subsequent year, for up to five years.

In order to receive the credit, each taxpayer must include a credit certificate when filing the accompanying tax return. Credit certificates are to be issued by the recipient food banks and should indicate that the food contribution was accepted by a hunger-relief charitable organization; certify that the use of the food contribution is related to the function of the charitable organization constituting the basis for its tax-exempt status and will not be transferred in exchange for money, other property, or services; specify the quantity of the contribution; and determine the wholesale market price or most recent sale price of the contribution.

A charitable organization is permitted to refuse a food contribution if it believes the food is not fit for human consumption or the charitable organization will not be able to use the food before it spoils.

The credit is available for tax years 2015 through 2019. Taxpayers who claim a standard deduction on their federal return are prohibited from claiming the credit and also deducting the value of their food contribution from their state taxable income as allowed in current law. Taxpayers who claim an itemized deduction and subtract the value of a food contribution from their federal taxable income are required to add back this deduction when calculating their state taxable income.