



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number: LLS 18-0033 Date: July 30, 2018
Prime Sponsors: Sen. Marble; Coram Bill Status: Signed into Law
Rep. Catlin; McLachlan Fiscal Analyst: Clare Pramuk | 303-866-2677
Clare.Pramuk@state.co.us

Bill Topic: INDUSTRIAL HEMP DESIGNATION AGRICULTURAL PRODUCT

- Summary of Fiscal Impact:
- State Revenue (checked)
- State Expenditure (minimal) (checked)
- State Transfer (unchecked)
- TABOR Refund (checked)
- Local Government (unchecked)
- Statutory Public Entity (unchecked)

This bill adds industrial hemp to the definition of commodity and farm products and authorizes the Commissioner of Agriculture to set fees for the Industrial Hemp Program. The bill creates an ongoing revenue and workload increase.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 18-205

Table with 4 columns: Category, Fund Type, FY 2018-19, FY 2019-20. Rows include Revenue (Cash Funds), Expenditures, Transfers, and TABOR Refund (General Fund).

Summary of Legislation

This bill adds unprocessed industrial hemp seeds to the definition of a commodity, and industrial hemp to the definition of farm products. A commodity handler for unprocessed industrial hemp seeds will be subject to licensing under the Commodity Handler Act. A person acting as a dealer, small-volume dealer, or agent for industrial hemp stocks, leaves, clones, and flowers will be subject to licensing under the Farm Products Act. Under current law, industrial hemp registration fees are based on the size and use of the land area on which the industrial hemp operations are conducted. This bill authorizes the Commissioner of Agriculture to set fees sufficient to cover the direct and indirect costs of the Industrial Hemp Program.

State Revenue

This bill will increase revenue by \$900 to \$1,500 per year beginning in FY 2018-19 to the Inspection and Consumer Services Cash Fund in the Department of Agriculture for the licensure of unprocessed hemp seed commodity handlers. The fiscal note assumes that industrial hemp dealers are currently licensed under the Farm Products Act, so no new revenue is expected for that group. The department may have an increase in revenue from fees on the participants in the Industrial Hemp Program, but it will depend on whether the current fee collection method is revised to cover direct and indirect costs of the program and has not been estimated for this fiscal note.

Fee impact on Hemp Seed Commodity Handlers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are current fees set administratively by the Department of Agriculture based on cash fund balance, estimated program costs, and the estimated number of licenses and services subject to the fee but may be revised. The table below identifies the estimated fee impact of this bill.

**Table 2
 Fee Impact on Hemp Seed Commodity Handlers**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2018-19	Commodity Handler License	\$150	3 to 5	\$450 to \$750
	Commodity Handler Inspection Fee	\$150	3 to 5	\$450 to \$750
FY 2018-19 Total				\$900 to \$1,500
FY 2019-20	Commodity Handler License	\$150	3 to 5	\$450 to \$750
	Commodity Handler Inspection Fee	\$150	3 to 5	\$450 to \$750
FY 2019-20 Total				\$900 to \$1,500

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20.

Since the bill increases/reduces 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.

State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

The bill will increase workload for the Department of Agriculture to inspect an additional 3 to 5 commodity handlers per year. The department will also have workload associated with creating a fee schedule for participants in the industrial hemp program. This workload increase can be accomplished within existing appropriations.

Effective Date

The bill was signed into law by the Governor on May 29, 2018, and it takes effect August 8, 2018, assuming no referendum petition is filed, and applies to conduct occurring on or after this date.

State and Local Government Contacts

Agriculture Information Technology Law