



Legislative
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SB 19-240

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 16, 2019)

Drafting Number: LLS 19-0010
Prime Sponsors: Sen. Marble; Fenberg
Rep. McLachlan; Saine

Date: April 25, 2019
Bill Status: House Rural Affairs
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Bill Topic: INDUSTRIAL HEMP PRODUCTS REGULATION

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires a wholesale food manufacturer that produces an industrial hemp product to pay a registration fee of \$300, regardless of its gross annual sales. The bill authorizes local governments to license and regulate the business activities of industrial hemp processing in a manner that does not conflict with state law. It increases state revenue on an ongoing basis. It may increase the revenue and expenditures of some local governments.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

**Table 1
State Fiscal Impacts Under SB 19-240**

		FY 2019-20	FY 2020-21
Revenue	Cash Funds	\$14,160	\$14,880
Expenditures		-	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill requires a wholesale food manufacturer that produces an industrial hemp product to pay the Department of Public Health and Environment (CDPHE) a registration fee of \$300, regardless of its gross annual sales. The CDPHE may convene a stakeholder work group to study the regulation of industrial hemp products. If a stakeholder work group is convened, the bill lists the groups that must be invited to participate and requires that the work group provide a written summary of its conclusions, including any recommendations for legislation, to the General Assembly by December 1, 2019. The bill authorizes local governments to charge a fee to license and regulate the business activities of industrial hemp processing in a manner that does not conflict with state law. If a conflict in regulation occurs, state law controls.

If Senate Bill 19-220 is enacted in 2019, the CDPHE is required to participate in any stakeholder process initiated by the Commissioner of Agriculture to develop the state hemp management plan.

Background

The Colorado Wholesale Food Manufacturing and Storage Program is a statewide food safety program that annually administers the registration of over 1,800 facilities, conducts 750 wholesale food inspections and compliance-related activities, and manages 570 recalls. The program enables Colorado food manufacturers to ship their products out-of-state. Wholesale food manufacturing and storage businesses pay a \$100 annual application fee and an additional registration fee based on annual sales. All currently registered manufacturers pay by July 1 of each year.

State Revenue

This bill will increase revenue by \$14,160 in FY 2019-20 and \$14,880 in FY 2020-21 to the Wholesale Food Manufacturing and Storage Protection Cash Fund in the CDPHE. This assumes that 59 wholesale food manufacturers that produce an industrial hemp product will pay a \$300 registration fee rather than a \$60 fee (an increase of \$240) in FY 2019-20, and that 62 registrants will pay the increased fee in FY 2020-21.

Local Government

The bill will increase revenue and expenditures for a municipality or county that chooses to regulate and license industrial hemp processors.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Agriculture
Municipalities

Counties
Public Health and Environment