



Legislative Council Staff
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Final Fiscal Note

Drafting Number:	LLS 22-0011	Date:	September 21, 2022
Prime Sponsors:	Rep. Valdez D. Sen. Hansen	Bill Status:	Signed into Law
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Bill Topic: BLOCKCHAIN AGRICULTURE & UNIFORM COMMERCIAL CODE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> 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. The bill increases state expenditures on an ongoing basis beginning in FY 2022-23.

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

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

Table 1
State Fiscal Impacts Under HB 22-1053

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$72,768	\$6,200
Transfers		-	-
Other Budget Impacts	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, one of which is included in this bill.

The bill implements the recommendation to require 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;
- different blockchain programs available to agricultural producers; and
- requirements to begin using a blockchain program in accordance with best practices.

The commissioner is required to work with stakeholders and to publicize the program and encourage agricultural producers to participate in the program.

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
Department of Agriculture		
Technology Research Vendor	\$58,068	-
Online Course Development	\$14,700	-
Online Course Maintenance and Support	-	\$6,200
Total Cost	\$72,768	\$6,200

¹ 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 existing online learning management system developed for the Pet Animal Care Facilities Act program.

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 was signed into law by the Governor on June 7, 2022, and it took effect on August 9, 2022.

State Appropriations

For FY 2022-23, the bill requires and includes 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