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Final Fiscal Note

Drafting Number: LLS 23-0496 Date: August 31, 2023
Prime Sponsors: Sen. Cutter Bill Status: Signed into Law
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Bill Topic: ILLEGAL DRUG LABORATORY PROPERTY & CERTIFICATION

- Summary of Fiscal Impact:
[X] State Revenue [X] TABOR Refund
[X] State Expenditure [] Local Government
[] State Transfer [] Statutory Public Entity

The bill requires the Colorado Department of Public Health and Environment to create a public database of residences used as illegal laboratories. Starting in FY 2023-24, state revenue and expenditures are increased on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$74,516 to the Department of Public Health and Environment.

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

Table 1
State Fiscal Impacts Under SB 23-148

Table with 5 columns: Category, Sub-category, Budget Year FY 2023-24, Out Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (GF Reserve, TABOR Refund).

Summary of Legislation

The bill requires the Colorado Department of Public Health and Environment (CDPHE) to create a public online database of residential properties used as illegal methamphetamine drug laboratories by January 1, 2024.

The bill also requires that:

- law enforcement agencies and remediation consultants report discovered illegal drug laboratories to CDPHE following notice requirements outlined in the bill and by CDPHE rule;
- property owners submit remediation documentation to the CDPHE;
- residential properties without compliant remediation be deemed uninhabitable; and
- after five years, CDPHE remove a properly decontaminated property from the database.

Background and Assumptions

Under current law, the CDPHE certifies individuals and business assessing and decontaminating properties used as illegal drug laboratories to produce methamphetamines, and monitors decontaminations through a reporting system. The most recent data from the CDPHE indicate a total of about 675 certifications, composed of about 500 individuals and 175 businesses.

State Revenue

The bill increases state revenue by \$44,259 in FY 2024-25 and by \$37,589 in FY 2025-26 to the Illegal Drug Laboratory Cash Fund. The increase is to cover expenditures associated with the bill and will impact individuals and businesses certified to assess or decontaminate illegal drug laboratories.

Fee impact on certified drug laboratory decontaminators. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the CDPHE based on cash fund balance, program costs, and the number of certifications subject to the fee. The fiscal note assumes fee collections will begin in FY 2024-25, after the rulemaking process is complete, but the actual timeline may vary from this estimate. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Certified Drug Laboratory Decontaminators

Fiscal Year	Type of Fee	Certification Fee	Number Affected	Total Fee Impact
FY 2024-25	Inspection Fee	\$65.57	675	\$44,259
FY 2025-26	Inspection Fee	\$55.69	675	\$37,589

State Expenditures

The bill increases state expenditures in the CDPHE by \$91,759 in FY 2023-24, \$44,259 in FY 2024-25, and \$37,589 in FY 2025-26, paid from the General Fund the first year and the Illegal Drug Laboratory Cash Fund in future years, as detailed in Table 3 and described below.

**Table 3
Expenditures Under SB 23-148**

	FY 2023-24	FY 2024-25	FY 2025-26
Department of Public Health and Environment			
Personal Services	\$66,496	\$28,718	\$28,718
Operating Expenses	\$1,350	\$675	\$3,375
Capital Outlay Costs	\$6,670	\$6,670	-
Centrally Appropriated Costs ¹	\$17,243	\$8,196	\$8,196
Total	\$91,759	\$44,259	\$37,589
Total FTE	1.0 FTE	0.5 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Public Health and Environment. The CDPHE requires support staff to create and administer the online database required by the bill.

- **Staffing.** The CDPHE requires 1.0 FTE Data Manager in FY 2023-24 only to design and implement the public database required by the bill, and to update an existing database to track inspections and certifications. Beginning in FY 2024-25, the department requires 0.5 FTE Program Assistant to assist with rulemaking, manage the database, and coordinate with property owners, law enforcement, and industrial hygienists regarding certificates of compliance. Standard operating and capital outlay costs are included.
- **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.

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill was signed into law by the Governor on June 2, 2023, and it took effect August 7, 2023.

State Appropriations

For FY 2023-24, the bill requires and includes a General Fund appropriation of \$74,516 to the Colorado Department of Public Health and Environment, and 1.0 FTE.

State and Local Government Contacts

Judicial

Public Health and Environment

Law

Regulatory Agencies

Local Affairs