



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 23-0996	Date:	April 10, 2023
Prime Sponsors:	Sen. Priola Rep. Brown; Kipp	Bill Status:	Senate Agriculture
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Bill Topic: **NEONIC PESTICIDES AS LIMITED-USE PESTICIDES**

Summary of Fiscal Impact:	<input checked="" 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

The bill requires the Commissioner of Agriculture to adopt rules classifying neonicotinoid pesticides as limited-use pesticide. The bill increases state expenditures on an ongoing basis and may reduce state revenue.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$121,076 to the Department of Agriculture.

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

**Table 1
State Fiscal Impacts Under SB 23-266**

	Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	-	-
Expenditures		
Cash Funds	\$121,076	\$170,342
Centrally Appropriated	\$21,429	\$36,107
Total Expenditures	\$142,505	\$206,449
Total FTE	1.2 FTE	2.0 FTE
Transfers	-	-
Other Budget Impacts	-	-

Summary of Legislation

The bill requires the Commissioner of Agriculture to adopt rules designating neonicotinoid pesticides as limited-use pesticides on or before January 1, 2024. The rules must require that:

- only licensed pesticide applicators may use neonicotinoid pesticides; and
- only licensed pesticide dealers may sell neonicotinoid pesticides.

The rules must also exempt products containing neonicotinoid pesticides when they are used in the following ways:

- as pet care products;
- as a veterinary product used by a licensed veterinarian in a licensed veterinary practice;
- in indoor personal care products used for lice or bedbugs;
- a product of agriculture;
- for academic research; or
- as a wood coating product.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior conviction data and assumptions. This bill creates a new factual basis for the existing offense of violating the Pesticide Act by expanding the number of pesticides whose sale and use are restricted. From FY 2019-20 to FY 2021-22, one individual has been convicted and sentenced for this offense. Demographically, this person was a white male. Based on the limited number of convictions, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill. The impacts to state revenue and expenditures are not discussed further in this fiscal note. Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Revenue

CDA data show that there are approximately 895 products currently registered with the department where use would be restricted by the bill. Because these restrictions decrease demand for the product and increase the administrative burden on retailers, some producers may decide to no longer register products containing neonicotinoids. The lack of registration would result in a loss of cash fund revenue to CDA of \$205 per product, up to \$183,475 if all products were no longer registered. The exact change in revenue will vary based on how many products are registered. A significant loss of revenue could result in CDA raising product registration fees. Product registration fee revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in CDA by \$142,505 in FY 2023-24 and \$206,449 in FY 2024-25 and in future years from the Plant Health, Pest Control, and Environmental Protection Cash Fund. Costs are outlined in Table 2 and discussed below.

**Table 2
 Expenditures Under SB 23-266**

	FY 2023-24	FY 2024-25
Department of Agriculture		
Personal Services	\$87,659	\$150,270
Operating Expenses	\$1,620	\$2,700
Capital Outlay Costs	\$13,340	-
Travel Expenses	\$10,507	\$15,172
Education & Outreach	\$5,750	-
Employee Training	\$2,200	\$2,200
Centrally Appropriated Costs ¹	\$21,429	\$36,107
Total	\$142,505	\$206,449
Total FTE	1.2 FTE	2.0 FTE

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

Department of Agriculture. Costs for the CDA to implement the bill include staff and associated costs to perform additional inspections and compliance management, as detailed below.

- **Inspections and compliance management.** The CDA requires 1.0 FTE for inspectors to perform neonicotinoid-related inspections to ensure proper sales and usage, and to conduct related enforcement activity. Inspection time is calculated based on an assumption of two additional hours per inspection for 500 inspections per year, with inspections often requiring more than one inspector present. This staff also requires a vehicle and travel expenses. The CDA also requires 1.0 FTE compliance specialist to manage dealer and applicator violations, issue cease and desist orders, and review active ingredients of new and renewed products. The compliance specialist also investigates violation cases and aids in the rulemaking process. First-year costs are prorated for a December 1, 2023, start date. Each staff requires initial and ongoing training expenditures.
- **Education and outreach.** Costs in FY 2023-24 only include outreach materials informing individuals of the new requirements.

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.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$121,076 to the Department of Agriculture from the Plant Health, Pest Control, and Environmental Protection Cash Fund.

State and Local Government Contacts

Agriculture

Law