



**Colorado
Legislative
Council
Staff**

HB17-1079

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 26, 2017)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0662
Prime Sponsor(s): Rep. Kennedy
Sen. Coram; Jahn

Date: February 13, 2017
Bill Status: House Appropriations
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: CONTINUE FEES WHOLESALE FOOD MANUFACTURE & STORAGE

Fiscal Impact Summary	FY 2017-2018		FY 2018-2019	
	New	Continuation	New	Continuation
This bill changes and continues a program that would otherwise end June 30, 2017, so the fiscal note shows the new and continuing fiscal impacts.				
State Revenue	<u>480,360</u>		<u>\$480,360</u>	
Cash Funds	83,765	396,595	83,765	396,595
State Expenditures	<u>\$491,510</u>		<u>\$491,510</u>	
Cash Funds		491,510		491,510
TABOR Impact	\$480,360		\$480,360	
FTE Position Change		3.0 FTE		3.0 FTE
Appropriation Required: \$491,510 - CDPHE (FY 2017-18).				
Future Year Impacts: Ongoing revenue and expenditure increase.				

Summary of Legislation

As amended by the House Finance Committee, this bill continues the Wholesale Food Manufacturing and Storage Protection Program at the Department of Public Health and Environment (DPHE) that is currently set to expire on July 1, 2017, and restructures the program's fees. The bill creates a \$100 annual application fee to be paid by all wholesale food manufacturing and storage businesses, and an additional registration fee associated with a specific business type. Nonprofit food storage facilities are exempt from all fees.

Background

The Colorado Wholesale Food Manufacturing and Storage Program is a statewide food safety program that annually administers registration for over 1,800 facilities, 750 wholesale food inspections and compliance related activities, and 570 recalls. The program enables Colorado food manufacturers to ship their products out-of-state.

State Revenue and Expenditures for a Program Set to Expire

This bill continues a program in the Division of Environmental Health and Sustainability in the DPHE that is set to repeal effective June 30, 2017. This program is not part of the sunset review process so does not have a wind up period after its repeal date. Although ongoing funding for the program is included in the DPHE's base budget request for FY 2017-18, this bill also requires an appropriation because the program would otherwise have been repealed.

The state revenue and state expenditures impact for FY 2017-18 and FY 2018-19 reflects the program's anticipated fee revenue and base budget request, plus revenue increases to cover the implementation of this bill. Based on the DPHE's budget request for FY 2017-18 for the Division of Environmental Health and Sustainability, costs are expected to be \$491,510 and 3.0 FTE in FY 2017-18 and FY 2018-19. The anticipated base revenue is \$396,595 based on DPHE's budget request.

Fee impact on business. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The total fee revenue under the bill is shown in Table 1.

Table 1. Application and Registration Fees Under HB 17-1079				
Type of Wholesale Manufacturing and Storage Business	Application Fee	Registration Fee	Number Affected	Total Fee Impact
gross annual sales less than \$100,000	\$100	\$60	836	\$133,760
gross annual sales of \$100,000 to \$150,000	100	250	74	25,900
gross annual sales of \$150,000 or more	100	300	753	301,200
grain storage facilities, breweries, brew pubs, wineries, or distilleries	100	0	165	16,500
certificate of free sale	N/A	150	20	3,000
TOTAL			1,848	\$480,360

New state revenue. This bill increases state cash fund revenue by \$83,765 in FY 2017-18 and thereafter to the Wholesale Food Manufacturing and Storage Protection Cash Fund in the DPHE. The fiscal note assumes that the new fees will be collected beginning with the FY 2017-18 fiscal year.

Because the fees are restructured, there is not a direct correlation between the existing fee categories and the new fee categories, but Table 2 below approximates the relationship between current and proposed fees and identifies the fee impact of this bill.

Table 2. Fee Impact on Business					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected*	Total Fee Impact
Breweries, brew pubs, wineries, distilleries	\$0	\$100	\$100	90	\$9,000
Very Small Business	0	160	160	473	75,680
Small Business	185	160	(25)	277	(6,925)
Medium Business (\$50K-\$100K)	307	160	(147)	86	(12,642)
Medium Business (\$100K-\$150K)	307	350	43	74	3,182
Large Business	390	400	10	753	7,530
Non-profit	0	0	0	43	0
Grain Storage	0	100	100	75	7,500
Certificate of Free Sale	128	150	22	20	440
TOTAL				1,891	\$83,765

*Extrapolated from DPHE data.

TABOR Impact

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases 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.

Effective Date

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

State Appropriation

For FY 2017-18, the DPHE requires \$491,510 from the Wholesale Food Manufacturing and Storage Protection Cash Fund and an allocation of 3.0 FTE.

State and Local Government Contacts

Counties Information Technology Public Health And Environment