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FISCAL NOTE

Drafting Number: LLS 19-0010 Date: April 16, 2019
Prime Sponsors: Sen. Marble; Fenberg Bill Status: Senate Agriculture
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Bill Topic: INDUSTRIAL HEMP PRODUCTS REGULATION

- Summary of Fiscal Impact:
- State Revenue (checked)
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government (checked)
- 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 fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-240

Table with 4 columns: Category, Cash Funds, FY 2019-20, FY 2020-21. Rows include Revenue (\$720, \$14,880), Expenditures (-, -), Transfers (-, -), and 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 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. If a conflict in regulation occurs, state law controls.

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 \$720 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 three new 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 August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Agriculture	Counties
Municipalities	Public Health and Environment