



Legislative Council Staff  
Nonpartisan Services for Colorado's Legislature

# Fiscal Note

**Drafting Number:** LLS 23-0892      **Date:** March 27, 2023  
**Prime Sponsors:** Sen. Bridges; Kirkmeyer      **Bill Status:** Senate Appropriations  
Rep. Bird; Bockenfeld      **Fiscal Analyst:** Shukria Maktabi | 303-866-4720  
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**Bill Topic:**      **CDPHE DAIRY PLANT FEES**

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

**Budget package bill.** The bill modifies dairy plant fees and caps the total paid in fees by a dairy plant at \$150,000. The bill increases cash fund revenue beginning in FY 2023-24.

**Appropriation Summary:**      No appropriation is required.

**Fiscal Note Status:**      The fiscal note reflects the introduced bill. The bill was recommended by the Joint Budget Committee as part of its FY 2023-24 budget package.

**Table 1**  
**State Fiscal Impacts Under SB 23-240**

		Budget Year FY 2023-24	Out Year FY 2024-25
<b>Revenue</b>	Cash Fund	\$390,059	\$390,059
<b>Expenditures</b>		-	-
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	TABOR Refund	\$390,059	\$390,059

## Summary of Legislation

The bill makes changes to the fees paid by dairy plants, including:

- removing the \$50 license fee paid by dairy plant employees who sample or test dairy products;
- increasing the licensing fee for dairy plants by 30 percent; and
- creating a new production fee for dairy plants that process more than 20,000 pounds of milk daily at \$0.01 for every 100 pounds of milk.

The Department of Public Health and Environment (CDPHE) must cap the total fees paid by an individual dairy plant at \$150,000.

## State Revenue

Beginning in FY 2023-24, the bill increases revenue to the Dairy Protection Cash Fund in the CDPHE by about \$390,000 per year. This change results from the removal of the licensing fee on employees, the 30-percent increase in licensing fees on dairy producers, and the new production fee. The new fee structure is expected to increase annual cash fund revenue from approximately \$60,000 per year under current law to \$450,000 per year—an increase of about \$390,000 per year, as shown in Table 2 and described below. Fee revenue is subject to TABOR.

**Table 2**  
**Fee Impact on Dairy Producers**

Type of Fee <sup>1</sup>	Proposed Fee Change	Number Affected	Total Fee Impact
Repealed Employee License Fee	(\$50)	702 employees	(\$35,100)
License Fee	\$90 - \$480	36 dairy plants	\$7,470
Production Fee	\$0.01 per 100 pounds	36 dairy plants	\$417,689
<b>Revenue Change</b>			<b>\$390,059</b>

<sup>1</sup> The dairy producer license fee represents the increase from current law. Currently, the fee ranges from \$300 to \$1,600 per year depending on the size of the producer, which will increase to between \$390 and \$2,080 per year. The projected production fee revenue accounts for one producer reaching the statutory cap of \$150,000 per year.

**Fee impact on dairy producers.** Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. As shown in Table 2 above, the 30 percent increase in licensing fees will generate an additional \$7,500 annually in fee revenue, and repealing the employee license fee will reduce fee revenue by about \$35,000. The new production fee on the 36 dairies will increase fees by about \$417,700 per year, based on prior year production volume of about 5.5 billion pounds of milk. One producer is estimated to exceed the statutory maximum and have their total fees capped at \$150,000.

## **Other Budget Impacts**

**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 takes effect July 1, 2023.

## **State and Local Government Contacts**

Joint Budget Committee Staff