



Colorado Legislative Council Staff Fiscal Note STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 11-0261	Date:	April 27, 2011
Prime Sponsor(s):	Sen. Schwartz	Bill Status:	Senate Agriculture
	Rep. Vigil; Rep. Coram	Fiscal Analyst:	Clare Pramuk (303-866-2677)

TITLE: CONCERNING LOCALLY PRODUCED FOODS, AND, IN CONNECTION THEREWITH, DIRECTING LOCAL BOARDS OF HEALTH TO CREATE REGISTRIES OF GROWERS WHO PRODUCE FOOD PRODUCTS IN THEIR HOME KITCHENS, PROMOTING LOCAL FOODS, AND INCREASING ECONOMIC OPPORTUNITIES FOR LOCAL FOOD PRODUCERS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013		
State Revenue				
State Expenditures Cash Funds State Highway Cash Fund Federal Funds	\$5,466 (40,000,000)	(\$40,000,000)		
FTE Position Change				
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.				
Appropriation Summary for FY 2011-2012: See State Appropriations section.				
Local Government Impact: See Local Government Impact section.				

Summary of Legislation

This bill creates the Colorado Cottage Foods Act that allows a grower of an agricultural ingredient to use his or her own private home kitchen for the production of food to be sold to the public given certain requirements. The bill requires local health departments to create registries for growers who produce food in their home kitchens and allows the departments to charge a fee sufficient to recover their actual and direct costs for administration. The bill requires that:

- the grower registers with a registry created and maintained by the grower's local board of health;
- the grower is trained in food handling safety;
- the food produced in the kitchen is a baked or dehydrated food or is an acid food product;
- the food incorporates a key or principal agronomic ingredient that was grown by the person;

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- the food is labeled with specific information including a disclaimer that it was produced in a home kitchen not subject to state licensure or inspection;
- net revenues from each eligible food product made in the home kitchen do not exceed \$5,000 in a calendar year; and
- the food is sold directly to ultimate consumers and only at the grower's residence, a farmers' market, or similar venue.

The bill allows the Colorado Food Systems Advisory Council to consider the feasibility of developing a subclassification of the Colorado Proud marketing program. It requires the Department of Agriculture to promote farmers' markets within existing appropriations. It allows small egg producers to sell their eggs on their premises or at local farmers' markets in accordance with the laws and rules regarding egg safety. Finally, the bill directs the Department of Transportation to promulgate rules regarding the safe placement of signs advertising farmers' markets and roadside stands.

State Expenditures

This bill will increase expenditures by \$5,466 in FY 2011-12 for the Department of Transportation from the State Highway Fund. These funds are required to promulgate rules for standards for signage for advertising farmers' markets, roadside stands and similar venues. Should these rules be put in place, the state would apparently violate the federal Highway Beautification Act and would lose 10 percent of the department's appropriation of federal highway funding, or approximately \$40 million per year.

Table 1. Expenditures Under SB 11-258			
Cost Components	FY 2011-12		
Personal Services	\$3,532		
Operating Expenses and Capital Outlay	100		
Legal Services	1,834		
Federal Funds	(40,000,000)		
TOTAL	(\$39,994,534)		

Local Government Impact

This bill will increase expenditures for local health departments to create and maintain grower registries but allows them to charge fees to cover their actual and direct costs. These costs will vary among departments and will depend on whether departments choose to implement optional authorities provided in the bill. These include rulemaking, suspension of a grower's registration if the food is determined to be hazardous, or revocation of a grower's registration for violation of the bill or rules.

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State Appropriations

The Department of Transportation Administration line item requires an appropriation of \$5,466 from the State Highway Fund and a corresponding decrease to the informational Construction, Maintenance, and Operations line item for FY 2011-12.

Departments Contacted

Agriculture

Public Health and Environment

Transportation