

applicable to CAFOs and HCSFOs from July 1, 2009, to July 1, 2012; and directed fees affected by HB 09-1330 to the Animal Feeding Operations Fund. The Environmental Agriculture program is also supported to a lesser degree by the General Fund and certain air quality permitting fees collected in the Housed Commercial Swine Feeding Operation Fund.

Under current law, the HCSFO permit amendment processing fee and the unpermitted CAFO fee will expire on July 1, 2012. The remainder of fees collected for the benefit of the program will continue at reduced levels, those authorized by statute prior to HB 09-1330. These fees—the CAFO permitted animal fee, the CAFO General Permit fee, the CAFO Individual Permit fee, and the HCSFO annual permit fee—will continue to be directed to the Animal Feeding Operations Fund.

Fund balance in the Animal Feeding Operations Fund. As established in statute, moneys collected into the Animal Feeding Operations Fund remain in the fund year-to-year, subject to annual appropriation by the General Assembly. Since fees were initially directed to the fund in 2009, collections have outpaced spending, resulting in an excess uncommitted fee reserve balance of no less than \$60,000 at the end of the fiscal year according to cash fund reporting produced by CDPHE. Currently, an excess balance of over \$100,000 is projected for July 1, 2012. Under current budget assumptions, including reauthorization of increased fees under HB 12-1083, CDPHE will use fund balance to cover a portion of program costs in FY 2012-13 and future years.

Fiscal impact of fee increase set to expire. This bill continues a fee increase established in HB 09-1330 that is set to repeal on July 1, 2012. There is no need for an appropriation for the base budget of the Environmental Agriculture program in FY 2012-13 if CDPHE's base budget is approved through the Long Bill process.

State Revenue

Continuing the fees for CAFOs and HCSFOs will increase state revenue by \$230,554 over current law, but generates no net change from current collections.

The bill maintains CAFO and HCSFO fees until July 1, 2015, at the levels established by HB 09-1330 for the three years from July 1, 2009, to July 1, 2012. Under current law, CAFO and HCSFO water quality fee collections would be reduced on July 1, 2012. The incremental increase in state revenue, based on current fees and permit numbers, is an annual collection of \$230,554 in cash funds to the Animal Feeding Operations Fund in CDPHE.

Fee Impact on Individuals, Families or Business

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill relative to current law.

Table 1. Fee Impact on Individuals, Families or Business					
Type of Fee	Current Law Fee *	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
CAFO General Permit Fee	\$250.00	\$750.00	\$500	71	\$35,500.00
CAFO Individual Permit Fee	500.00	1500.00	1000	0	0
CAFO Permitted Animal Fee	0.04	0.09	0.05	1,278,316	63,915.80
Unpermitted CAFO Animal Fee	0.00/animal unit	0.06	0.06	890,767	53,446.02
HCSFO Annual Permit Fee	0.20/animal	0.26	0.06	815,542	48,932.52
HCSFO Minor Amendment Fee	0.00	2,810.00 [†]	2,810	6	16,860.00
HCSFO Major Amendment Fee	0.00	5,950.00 [†]	5,950	2	11,900.00
TOTAL					\$230,554.34

* Current fees and proposed fees are identical under the bill, as it extends fees temporarily enacted by HB 09-1330. However, as of July 1, 2012, under current law, fees will revert to their level prior to the effective date of HB 09-1330. Table 1, above, provides a comparison of statutory fees as of July 1, 2012, under current law versus proposed fees under HB 12-1083.

† The fees to amend HCSFO water quality permits are based on a per animal unit basis, with a statutory cap. Based on recent permitting history in the Environmental Agriculture program, the fiscal note assumes that permittees seeking amendment are of sufficient size to incur the statutory fee cap.

State Expenditures

Under the bill, CDPHE will cover costs to continue its current base budget for the Environmental Agriculture program from FY 2012-13 through FY 2014-15. The base budget for FY 2012-13 includes \$312,905 and 3.3 FTE from the Animal Feeding Operations Fund. Of this amount, \$230,554 is supported by the extension of fees under the bill. Based on a pro rata calculation of reauthorized fees versus base fees that would continue under current law, the fiscal note assumes that continuation of 2.4 FTE is attributable to the bill.

The Department of Corrections, through Colorado Correctional Industries (CCi), runs an animal feeding operation that is subject to water quality fees. By requiring continued payment of fees at the level established by HB 09-1330, the bill increases costs to CCi by less than \$1,000 per year until July 1, 2015.

State Appropriations

The funding necessary to continue the Environmental Agriculture program through FY 2012-13 is included in the CDPHE base budget request for the 2012 Long Bill. No appropriations clause is necessary to implement this bill, unless that request is not approved.

Departments Contacted

Public Health and Environment

Agriculture

Corrections