

*Colorado Legislative Council Staff Fiscal Note***STATE and LOCAL
FISCAL IMPACT****Drafting Number:** LLS 15-0546
Prime Sponsor(s): Sen. Martinez Humenik**Date:** January 27, 2015
Bill Status: Senate Agriculture
Fiscal Analyst: Clare Pramuk (303-866-2677)**BILL TOPIC:** SMALL BUSINESS COTTAGE FOODS ACT

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Increased workload.	
FTE Position Change		
Appropriation Required: None.		

** This summary shows changes from current law under the bill for each fiscal year.***Summary of Legislation**

This bill amends the Colorado Cottage Foods Act to allow cottage food producers (producers) to increase their allowable net revenues per calendar year from the sale of each eligible food product from \$5,000 to \$20,000. The bill also allows a producer to sell directly to a small business with fewer than 100 employees.

Background

The Colorado Cottage Foods Act allows producers of nonpotentially hazardous foods to use their home, commercial, or public kitchens to produce foods to sell directly to the ultimate consumers without a retail food license. A nonpotentially hazardous food is defined in current law as any food or beverage that, when stored under normal conditions without refrigeration, will not support the rapid and progressive growth of microorganisms that cause food infections or food intoxications. The Act limits these foods to spices, teas, dehydrated produce, nuts, seeds, honey, jams, jellies, preserves, fruit butter, and baked goods, including candies.

State Expenditures

This bill is anticipated to increase workload for the Department of Public Health and Environment (DPHE) beginning in FY 2015-16 to conduct food sampling and inspection in response to complaints. By allowing producers to increase the size of their operations and to sell to small businesses, the bill may result in an increase in complaints and corresponding workload for the DPHE. The size of the increase is not known and will depend on the ability of producers to maintain food safety as their operations and numbers of sales outlets increase. At this time, any increase in complaints is not expected to require additional appropriations. Should there be a large increase in complaints, the DPHE can request additional funding through the annual budget process.

Local Government Impact

Increasing the size of a producer's sales volume and adding the ability to sell to small businesses, increases the probability that producers will experience food safety issues. Should these issues arise, the fiscal note assumes that a county or district public health agency, rather than the DPHE, will be responsible for the investigation of food borne illness. Like the state expenditures impact above, the amount of increase is not known and will depend on the ability of cottage food producers to maintain food safety as their operations and numbers of sales outlets increase.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Agriculture

Counties

Public Health and Environment