

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0778	Date: March 9, 2015
Prime Sponsor(s): Rep. Becker K. Sen. Hodge	Bill Status: House Public Health Care and Human Services
	Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: RETAIL FOOD ESTABLISHMENT FEES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	Possible increase.	
State Expenditures	Increased workload. See State Expenditures section.	
TABOR Set Aside	Possible increase.	
FTE Position Change		
Appropriation Required: None.		

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

Summary of Legislation

Under current law, the annual license fees for retail food establishments are set in statute. This bill removes the fees from statute and requires the State Board of Health (board) in the Department of Public Health and Environment (DPHE) to set the fees in rule. In establishing the annual license fees, the board must:

- use a stakeholder process;
- ensure fees are adequate to support national retail food program standards;
- make regular adjustments for inflation and population growth; and
- consider the impact of a fee increase on the retail food industry.

Background

State and local public health agency food safety programs are funded by licence fees for retail food establishments. Forty-three dollars of each fee collected is applied to the Food Protection Cash Fund in the DPHE; the remainder of the fee is retained by the county or district public health agency where the retail food establishment is located. When shortages in funding occur, counties make up the deficit with general funds. The General Assembly last increased fees in 2009.

State Revenue

While most health inspections are conducted by county or district public health agencies, the DPHE provides health inspections for several smaller counties and receives the entire licensing fee for this work, which amounts to approximately \$160,000 per year in revenue. These counties are in the process of taking over their own inspections or working with another county that will provide inspections. These transitions are expected to be completed prior to the adoption of a new fee schedule. If this is not the case, the DPHE will have an increase in revenue from license fees, but that amount cannot be determined at this time.

TABOR Impact

This bill may increase state revenue from license fees, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

This bill will increase the workload for the board to conduct rule making to set new fees for retail food establishment licenses. The first rule making is expected to be conducted in FY 2015-16 and again in two to three years. This will require public hearings and analysis of public input to determine the license fees. The board may also conduct less extensive rule making for adjustments based on inflation and population growth. Because the board sets fees for other public health programs, it is familiar with conducting a public fee setting process. The DPHE is expected to be able to support the fee setting process within existing appropriations.

Local Government Impact

Because the revenue collected under the existing fee schedule has been insufficient to meet the funding needs of county and district public health agencies, the fiscal note assumes that license fees and corresponding revenue to local governments will increase as a result of this bill. It is further assumed that county general fund support of food safety programs will be reduced. The amount of increased revenue depends on a number of factors and cannot be determined at this time.

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

Counties

Public Health and Environment

Municipalities