



**Colorado
Legislative
Council
Staff**

HB16-1124

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0697

Date: February 2, 2016

Prime Sponsor(s): Rep. Navarro

Bill Status: House Agriculture

Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: REGISTERED EQUINE BRAND INSPECTIONS

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|--|---------------------|--|
| State Revenue Cash Funds | | Revenue reduction. |
| State Expenditures Cash Funds | | Workload and expenditure reduction. Possible expenditure reduction. |
| TABOR Impact | | Reduction. |
| FTE Position Change | | Possible reduction. |
| Appropriation Required: None. | | |
| Future Year Impacts: Ongoing workload reduction and possible expenditure reduction. | | |

Summary of Legislation

This bill exempts registered horses from brand inspection requirements.

Background

Under current law, brand inspections are required prior to:

- sale or transfer of ownership of the livestock;
- transportation of livestock over 75 miles within the state of Colorado;
- transportation from Colorado to a destination out of state; and
- sale at a licensed Colorado livestock market.

In FY 2014-15, the Department of Agriculture inspected 30,202 horses which generated \$507,740 in revenue. The department does not collect information on whether a horse is registered and there are 113 horse breed associations in which a horse may be registered. Twenty brand inspectors are located in five districts and inspect horses, cattle, mules, and donkeys, as well as alternative livestock, which includes domestic elk and fallow deer.

State Revenue

This bill may substantially reduce revenue from brand inspections to the Brand Inspection Cash Fund. The amount of reduction will depend on the number of registered horses that would have required a brand inspection. If all horses are registered, revenue will be reduced by approximately \$500,000 annually.

TABOR Impact

This bill reduces state revenue from fees, which will reduce the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

This bill will reduce workload for brand inspectors in the Department of Agriculture. Based on revenue collected, equine brand inspections in FY 2014-15 represented 22 percent of brand inspection workload. Depending on the percentage of horses that are registered, or become registered, and the location of the horses, a reduction in staffing and appropriations may be necessary. Given that sufficient information is not available at this time to determine the size of the workload reduction, changes can be addressed through the annual budget process for FY 2017-18.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Agriculture Information Technology