

AGRICULTURE

Budget Balancing Measures

HB 10-1195 (Enacted)
*Suspend Agriculture Sales and Use
Tax Exemptions*

HB 10-1377 (Enacted)
*Cash Fund Agriculture Programs
Two Years*

Development and Taxation of Agricultural Lands

HB 10-1107 (Enacted)
*Agriculture Lands in Urban Renewal
Areas*

HB 10-1293 (Enacted)
*Study Property Tax Exemption
for Agricultural Lands*

Colorado Agriculture Promotion

SB 10-081 (Enacted)
Farm-to-School Healthy Kids Act

Agriculture Labor Issues

HB 10-1407 (Postponed Indefinitely)
Range Worker Advisory Council

The legislature considered bills on a variety of agricultural issues including the suspension of agricultural tax credits and exemptions, the development and taxation of agricultural lands, agriculture promotion, and agricultural labor issues.

Budget Balancing Measure

Due to the recent recession, the General Assembly had to address a General Fund shortfall of over \$2.2 billion for FY 2009-10. This shortfall was addressed by reducing General Fund expenditures and by temporarily suspending tax credits and exemptions. **House Bill 10-1195** temporarily suspends the sales and use tax exemption for agricultural compounds used in caring for livestock, semen for agricultural and ranching purposes, and pesticides for use in the production of agricultural and livestock products. The exemption is suspended through the end of FY 2012-13. Agricultural compounds include insecticides, fungicides, growth-regulating chemicals, enhancing compounds, hormones, and vaccines. It also includes drugs, whether dispensed in accordance with a prescription or not, that are used for the prevention or treatment of disease or injury in livestock, and animal pharmaceuticals that have been approved by the Food and Drug Administration. As a result of this law, it is estimated that General Fund revenue will increase by \$0.9 million in FY 2009-10, \$4.6 million in FY 2010-11, \$4.6 million in FY 2011-12, and \$4.8 million in FY 2012-13. **House Bill 10-1377** reduces General Fund appropriations for the Department of Agriculture by \$1.3 million by financing the Inspection and Consumer Services Programs with cash funds collected from vegetable inspections for FY 2010-11 and FY 2011-12.

Development and Taxation of Agricultural Lands

State law provides municipalities special powers to address slums and blighted areas within their jurisdiction. These powers include the ability to condemn blighted land and use tax increment financing to pay for renewal projects. Urban renewal powers may only be used if blighted area satisfies statutory criteria. **House Bill 10-1107** amends the urban renewal law to exclude certain types of agricultural lands in an urban renewal area. Specifically, only agricultural land that is designated by the U.S. Environmental Protection Agency as a "brown field" or lands that are located next to or within certain urban-level development area may be included in an urban renewal areas. It also changes how agricultural lands that are included in an urban renewal area are valued for determining the amount of taxes that are to be paid to public entities.

Agricultural lands are subject to a lower property tax rate than other types of property, such as commercial properties. **House Bill 10-1293** creates a nine-member interim task force to study the assessment and classification of agricultural and residential land and propose legislation to ensure that land is valued based on its actual use. The task force's members include the Property Tax Administrator, four agricultural landowners or lessees appointed by the Commissioner of Agriculture, two county commissioners, and two county assessors. The task force must meet at least four times during the 2010 interim. It must consider issues related to agricultural land classification including the current system of agricultural and residential property in Colorado, and the fiscal, land use, and other impacts of the state's current classification system. It may also consider potential improvements to the current classification system. The task force must submit a written report to the Local Government and Agriculture committees of the General Assembly by October 15, 2010. The bill is silent on a source for this staff support. It is assumed the task force will not be staffed by either the Legislative Council Staff or the Division of Property Taxation. Instead, based on a staff discussion with Colorado Counties, Inc., it is assumed all necessary staff support will be provided by Colorado Counties, Inc.

Colorado Agriculture Promotion

Senate Bill 10-081 creates the 13-member Interagency Farm-to-School Coordination Task Force. Its members include persons with experience in agriculture and school nutrition, and staff from the Colorado Department of Education, the Colorado Commission on Higher Education, the Department of Agriculture and the Colorado Department of Public Health and Environment. The task force must recommend policies and methods to best implement a farm-to-school program that encourages school districts to use local agricultural products. In developing its recommendations, the task force must consider farm-to-school pilot programs and funding sources to offset any increased costs of using locally raised products. It must also consider training for farmers and ranchers to enable them to sell their products to schools, and assistance to school districts and school food services to integrate locally raised products into school meals. The task force must report its findings to the Education and Agriculture committees of the General Assembly by February 1, 2013. The bill is silent on what agency is responsible for providing staff support for the task force.

Agriculture Labor Issues

House Bill 10-1407 would have created an 11-member Range Worker Advisory Council. The council was charged with studying and discussing issues concerning range workers in Colorado who are working under the federal H-2A visa program for temporary non-immigrant foreign agricultural workers. It would have been comprised of the representatives of the Department of Agriculture, the Department of Labor and Employment, the chairs of the House and Senate Business and Agriculture committees, and four appointees of the Governor. The council would have been authorized to meet up to four times. At least half of these meetings were to be conducted on the Western Slope. This bill was postponed indefinitely.