

Agriculture fees focus of first week

Written by Marianne Goodland, Legislative reporter

The Joint Budget Committee, with freshman legislator Rep. Jon Becker, R-Fort Morgan, began making decisions last week on legislation they would carry in the 2011 session, and Becker's first decision was to prevent increases in agricultural fees.

Becker vowed last week to vote down measures that would tap cash funds to shore up the state budget, and he did just that during the committee's Jan. 9 meeting.

The JBC, the legislature's budget-writing committee, looked at several dozen ideas for legislation brought forward during six weeks of hearings on state agencies. The measure that got Becker's attention pertained to inspection fees charged by the Department of Agriculture.

The JBC reviewed the department's history and budget in November. According to a JBC staff analysis, the department's state support, through revenue from income and sales taxes, has dropped by more than half in the last decade, from \$12.3 million to about \$5 million, while its overall funding has increased slightly, from \$34.7 million to \$37.6 million. Funding has stayed consistent by raising fees to cover the services formerly paid for by the state, according to JBC staff analyst Megan Davisson.

The JBC's decision pertained to a state subsidy for some of the department's divisions that is used to pay for accounting, maintenance of state facilities and budgeting. Davisson recommended eliminating that subsidy, which would have impacted the Brand Board, the Agricultural Products division and the Chemigation division.

In her analysis, Davisson said it was unclear whether taxpayers benefit from the programs that get the subsidy. The Brand Board inspects livestock brands for the benefit of the cattle and equine industries; the Agricultural Products Inspection program inspects potatoes, with all other fruit and vegetable inspections optional; and Chemigation monitors the chemicals used in irrigation.

The staff analysis estimated the state would save \$602,504 by eliminating the subsidy, but that meant those who get those inspections would be covering that cost through higher fees. Hardest hit would be brand inspections, at nearly \$400,000 per year.

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“Staff believes the cost of these inspections is a cost of doing business that should be paid by the industry,” Davisson wrote. And while the ag department did not disagree with eliminating the subsidy for the chemigation and potato inspections, they did not want the subsidy ended for the Brand Board.

Becker disagreed with all of it. On Jan. 9, a bill to eliminate the subsidy was the first item on the JBC’s list of possible bills, and Becker made it clear it wouldn’t get his support. (Bills sponsored by the JBC must win a unanimous, 6-0 committee vote.)

Davisson said if the subsidy were removed, the fees would increase from 55 cents per head to 62 cents per head for livestock, the annual permit fee for chemigation would go from \$35 to \$37.22, and the agricultural products per hour inspection fee would increase slightly.

Once Becker announced he would not support a bill on the subsidy, other JBC members spent several minutes trying to talk him out of it. Sen. Kent Lambert, R-Colorado Springs, suggested the JBC staff could draft the bill, which would get the issue onto the table for discussion. It also might be something the agriculture committees might want to consider, he said. While several other options were presented, including one that would exclude the Brand Board fee, Becker said he wouldn’t support a bill that would increase any of the fees.

Among the other bills introduced in the first days of the 2011 session:

—A bill to repeal HB 10-1195, which lifted tax exemptions for agricultural compounds, pesticides and bull semen, was introduced Wednesday, Jan. 12 by Rep. Jerry Sonnenberg, R-Sterling. If passed, the bill would put those exemptions back into place upon the governor’s signature.

HB 11-1005 is likely to pass the Republican-controlled House, and Sonnenberg said he hopes support from Gov. John Hickenlooper will help with its passage in the Senate.

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—Rep. Randy Baumgardner, R-Hot Sulphur Springs, hopes to have better luck with the new governor on farm truck registration than he had with the previous one. Baumgardner is bringing back legislation vetoed in 2010 that would allow farm trucks to be registered at a farm truck fee if the vehicle is used for agricultural production on a farm or ranch that is owned or leased by the vehicle owner, and the property where the vehicle is registered is classified as agricultural for property tax purposes.

Current law requires proof that agriculture is the primary business or source of income before registering a vehicle as a farm truck. Baumgardner's 2010 effort, HB 10-1101, got unanimous support in the House and passed the Senate 34-1, but was vetoed by Gov. Bill Ritter, who said he was "unconvinced" the law needed changing.

By "removing the program's existing safeguards, House Bill 10-1101 would expose the agricultural license program to increased fraud in the form of illegitimate farm plate vehicle registrations and non-agricultural vehicles receiving this program's benefits," Ritter wrote in his veto message. He also cited the impact of the reduced fees on state revenues. Baumgardner's 2011 effort is HB 1004.

—Rep. Ed Vigil, D-Alamosa, is sponsoring HB 11-1024, which would create an agricultural youth driver's license. Under his bill, an applicant can get a learner's permit at 14 years old and licensed as early as 14 years and 6 months, under certain conditions.

Water and water issues got prime-time attention during Hickenlooper's 25-minute State of the State address last Thursday, Jan. 13. He called water the natural resource that has the "greatest impact on Colorado's economic growth."

Hickenlooper also referenced a report issued last month by the Interbasin Compact Committee, which said the state would need 200,000 to 600,000 acre-feet of water beyond what is already planned to meet future municipal and industrial demands and to replace reliance on non-renewable groundwater.

"A 'status-quo' approach to water will inevitably lead to pressure that harms our environment and will dry up precious agricultural land," and that cannot be allowed to happen, Hickenlooper said in his address. Water will be a top priority in his administration, he added.

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Becker said he was “excited” to see Hickenlooper discuss water issues, and he thought the speech was a good one. “He touched on the right things—business for Colorado, reducing regulation and getting the budget under control without harming the people of Colorado,” Becker said. “We need to make sure we balance the budget by making tough decisions, and he spoke to that.”