

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0274  
**Prime Sponsor(s):** Rep. Singer

**Date:** February 24, 2015  
**Bill Status:** House Business, Affairs & Labor  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**BILL TOPIC:** LOCAL GOV INPUT LIQUOR SALES ROOM APPLICATIONS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	<b><u>\$3,060</u></b>	Increased workload.
Cash Funds	3,060	See State Expenditures section.
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> \$3,060 - Department of Revenue (FY 2015-16)		

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

**Summary of Legislation**

This bill gives a local alcohol licensing authority (local authority) the ability to provide input to the Liquor Enforcement Division (division) in the Department of Revenue (DOR) concerning the establishment of sales rooms for licensed wineries, limited wineries, distilleries, and malt liquor wholesalers (licensees) in the local authority's jurisdiction. A sales room is where a licensee can sell and serve alcoholic beverages for onsite consumption.

Beginning with applications for sales rooms submitted on or after July 1, 2015, licensees must send a copy of the application for a sales room to the applicable local authority which has 30 days in which to respond to the application. The division must consider the input from the local authority, if any, and may deny the proposed sales room application if the local authority determines that the approval will conflict with the needs and desires of the neighborhood. The division cannot approve an application for a sales room unless the local authority affirms that the applicant has complied with local zoning restrictions. The division may take action upon the local authority's request against a licensee for a violation of the Colorado Liquor Code.

Licensees operating sales rooms must notify the division of all the sales rooms they are operating. The division must create and maintain a list of all sales rooms and make the information available on its website. Licensees that do not sell and serve alcohol in their sales rooms for onsite consumption are not subject to the requirements of the bill.

**Background**

Under current law, only distilleries must seek input from the local licensing authority where they operate in order to open a sales room. Currently, there are 5 wineries, 123 limited wineries, 67 distilleries, and 205 beer wholesalers eligible to have a sales room, and 362 sales rooms in operation. Licensees are not required to pay a fee for a sales room application.

## **State Expenditures**

***This bill is expected to increase workload beginning in FY 2015-16. It also increases cash fund expenditures by \$3,060 in FY 2015-16 from the Liquor Enforcement Cash Fund.***

***Department of Revenue, Liquor Enforcement Division.*** The division will have an increase in expenditures of \$3,060 in FY 2015-16 for temporary staff to collect and process information on existing sales rooms. Agency temporary staff for DOR are paid a rate of \$18 per hour, and the division needs 170 hours of temporary staff in FY 2015-16. Beginning in FY 2016-17, the division will require 18 hours per year of temporary staff to document new sales rooms, but that workload can be addressed with existing appropriations.

With the bill, the division will receive additional documentation from local authorities to consider when evaluating an application for a sales room. This is not expected to result in a significant increase in workload so does not require additional appropriations.

## **Local Government Impact**

This bill has a conditional impact on local authorities. If a licensee submits a sales room application to a local authority for consideration, the local authority can choose whether to act on the application. If the local authority chooses to provide input to the division, it will likely hold at least one public hearing to gather input from the neighborhoods to be affected by the new sales room, which will increase the local authority's workload.

## **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 Appropriations**

For FY 2015-16, the Department of Revenue requires an appropriation of \$3,060 from the Liquor Enforcement Division Cash Fund.

## **State and Local Government Contacts**

Revenue

Counties

Municipalities