

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0785  
**Prime Sponsor(s):** Rep. Singer

**Date:** February 13, 2015  
**Bill Status:** House Business, Affairs and Labor  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**BILL TOPIC:** ALCOHOL BEVERAGE LICENSE REISSUANCE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
<b>State Revenue</b>		
Cash Funds	\$10,250	\$10,250
<b>State Expenditures</b>	Minimal workload increase. See State Expenditures section.	
<b>FTE Position Change</b>		
<b>TABOR Set-Aside</b>	\$10,250	\$10,250
<b>Appropriation Required:</b> None.		

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

**Summary of Legislation**

Under current law, any liquor licensee whose license has expired for more than 90 days must apply for a new license and the licensee cannot sell alcohol until the new licence is issued. This bill allows the local and/or state liquor licensing authority to reissue a liquor license after it has been expired more than 90 days but less than 180 days. The licensee must pay a \$500 late application fee plus a fine of \$25 per day for every day the license has been expired beyond 90 days. After submitting the application and paying the late fee and fine, the licensee may continue to operate until final action is taken on the license. The decision to reissue a liquor license rather than requiring the licensee to apply for a new license is the choice of the applicable licensing agency. A licensee cannot be granted a reissued license more than three times in a five-year period.

**State Revenue**

This bill is expected to increase revenue to the Department of Revenue from late fees by \$10,250 beginning in FY 2015-16. Although the bill does not specify a cash fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund is assumed to be the recipient of these monies.

**Assumptions.** This analysis is based on the following assumptions:

- state and local licensing authorities will allow licenses to be reissued;
- 10 alcohol licensees will apply for a reissued license annually;
- licensees will be subject to fines for 45 days on average; and
- sales of alcohol and associated sales taxes will not be significantly affected by the bill.

**Fee impact on business.** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill. Because licensees seeking reissued licenses will not be required to pay the new license application fee, that amount is subtracted from total revenues under the bill.

<b>Type of Fee</b>	<b>Fee Amounts</b>	<b>Number Affected</b>	<b>Days Subject to Fine</b>	<b>Total Fee Impact</b>
Late application fee	500	10	N/A	\$5,000
Daily fine	25	10	45	11,250
New license application fee	600	(10)	N/A	(6,000)
<b>TOTAL</b>				<b>\$10,250</b>

### **TABOR Impact**

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

### **State Expenditures**

The DOR will have a minimal increase in workload in FY 2015-16 to establish policies and procedures, and create forms for the reissue process. This increase can be addressed with existing appropriations.

### **Local Government Impact**

Local licensing authorities that allow a licensee to renew a license rather than apply for a new license, will have an increase in revenue from fines. The amount of fines collected will depend on the number of liquor licensees that fail to renew with 90 days and the number of days in which they are subject to penalties.

### **Technical or Mechanical Defects**

The bill does not indicate to which fund late fees are to be credited. All other late fees in the Liquor Code are deposited into the Liquor Enforcement Division and State Licensing Authority Cash Fund.

**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**

Revenue

Municipalities

Counties