



**Colorado
Legislative
Council
Staff**

HB16-1439

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1213
Prime Sponsor(s): Rep. Garnett
Sen. Holbert

Date: July 29, 2016
Bill Status: Signed into Law
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: LODGING & ENTERTAINMENT FACILITY LIQUOR LICENSE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	See State Revenue Section.	
State Expenditures	Workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing workload increase.		

Summary of Legislation

The bill creates a new lodging and entertainment liquor license for facilities that provide lodging, sports, or entertainment activities as their primary business and, incidental to that business, sell and serve alcoholic beverages by the drink for consumption on the premises (licensees). These facilities must have sandwiches and light snacks available for consumption. The bill sets the state license fee at \$75 annually, and the local license fee at \$500 annually.

Facilities that currently hold a tavern license, do not sell alcohol beverages as their primary business, and meet the definition of a lodging and entertainment facility, may convert their current tavern license to a lodging and entertainment facility license when their license is up for renewal or by one year after the effective date of the bill, whichever is later.

Any owner, shareholder or person with an interest in a licensee may not own or have an interest in additional specified liquor licensees or financial institutions. The bill sets the requirements for licensees to designate and register facility managers with state and local licensing authorities. The registration fee for managers cannot exceed \$75, paid to both the state and local licensing authorities.

The bill specifies that licensees may only purchase alcohol beverages from licensed wholesalers, with the exception that they may purchase up to \$2,000 worth of alcohol per year from licensed retailers. Licensees must retain evidence of purchases from licensed retailers. The bill also adds the lodging and entertainment license to existing liquor license laws.

Background

Tavern licenses are issued to entities that sell alcohol beverages by the drink for consumption on the premises and offer light snacks or sandwiches. There are currently about 1,400 tavern licenses, between 300 and 400 of which may be converted to a lodging and entertainment license. In addition, approximately 40 new entities that do not currently hold a liquor license and would have applied for a tavern license are expected to apply for a lodging and entertainment license.

State Revenue

Tavern licensees who are eligible for a lodging and entertainment license may choose to convert their current tavern licenses to a lodging and entertainment license when their current license is up for renewal. The fiscal note assumes that without the new lodging and entertainment license, potential lodging and entertainment licensees would either continue to hold, or would purchase, a tavern license. For both license types, the state licensing fee is \$75 annually and the manager registration fee is \$75. As a result, there is not expected to be a change in the total number of licensees or manager registrations across license classes and as a result, no impact on state revenue from license fees.

State Expenditures

The bill increases the workload of the Department of Revenue (DOR) and the Department of Law beginning in FY 2016-17. The bill increases the workload in the DOR to conduct rulemaking, implement the new lodging and entertainment license, update materials, and answer questions about the new license type. Rulemaking and other legal services will be provided by the Department of Law. Because the new license procedures will be similar to those of the tavern license and the total number of licensees and administrative proceedings across license classes is not expected to change, the workload increase for both departments can be accommodated within existing appropriations.

Local Government Impact

The bill increases the workload for local licensing authorities to implement the new lodging and entertainment license, update website and materials, and answer questions surrounding the new license type.

As in the state revenue section, the fiscal note assumes that without the new lodging and entertainment license, potential lodging and entertainment licensees would either continue to hold, or would purchase, a tavern license. For both license types, the local licensing fee for the new license is \$500 annually and the manager registration fee is \$75. As a result, there is not expected to be a change in the total number of licensees and manager registrations across license classes and thus, revenue to local government licensing authorities is not expected to change.

Effective Date

The bill was signed into law by the Governor on June 10, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed, except that:

- Section 21 does not take effect, due to the passage of Senate Bill 16-197; and
- Section 22 takes effect July 1, 2016.

State and Local Government Contacts

Counties
Law

Information Technology
Municipalities

Judicial
Revenue