



**Colorado
Legislative
Council
Staff**

SB17-134

**REVISED
FISCAL NOTE**

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

Drafting Number: LLS 17-0868	Date: February 27, 2017
Prime Sponsor(s): Sen. Tate	Bill Status: House Business
Rep. Herod; Nordberg	Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: ALCOHOL BEVERAGE LICENSEE PENALTY APPLICATION

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue General Fund	Minimal decrease.	
State Expenditures	Minimal workload increase.	
TABOR Impact	Minimal decrease.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal revenue decrease.		

Summary of Legislation

Under current law, when the state or local licensing authority suspends a liquor license, the licensee may petition to pay a fine instead of serving the suspension. If the petition is approved by the state or local licensing authority, the fine amount is equivalent to 20 percent of a liquor licensee's estimated gross revenue from the sale of alcohol during a proposed license suspension, except that it must range from \$200 to \$5,000.

For specified licensees operating a sales room or retail establishment in addition to either manufacturing or wholesaling activities that violate the prohibition on serving to a person under 21 years of age or someone visibly intoxicated, the *reengrossed* bill stipulates that:

- the fine assessed must be based solely on the estimated gross revenue from the sales room or retail establishment, not on any manufacturing or wholesale activities;
- the fine must still range from \$200 to \$5,000; and
- a suspension of the license must be limited to the sales room or retail activities, without extending to the manufacturing or wholesaling activities of the licensee.

Background

License types that allow a licensee to operate a sales room include wine manufacturer, spirits manufacturer, limited winery, and beer wholesaler licenses. License types that allow for a product to be both manufactured and sold at retail include brew pub, vintner's restaurant, and

distillery pub licenses. As of February 2017, there are 5 licensed wine manufacturers, 86 spirit manufacturers, 133 limited wineries, 285 beer wholesalers, 140 brew pubs, 3 vintner's restaurants, and 3 distillery pubs, for a total of 655 applicable licenses.

State Revenue

The bill decreases General Fund revenue from fines by a minimal amount beginning in FY 2017-18. The bill changes the way that fines related to serving the underage or visibly intoxicated are calculated for the specified liquor licensees, resulting in a decrease in individual fines for licensees with significant manufacturing or wholesaling activities. However, fines must still range from \$200 to \$5,000, limiting the overall decrease in fine revenue as a result of the bill.

TABOR Impact

This bill reduces state General Fund revenue from fines, which will decrease the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill decreases both revenue to the General Fund and the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill will reduce money available for the General Fund budget in the future during years when the state does not collect money above the TABOR limit.

State Expenditures

The bill increases the workload in the LED by a minimal amount in FY 2017-18 to update procedures and materials related to calculating fines for the specified violations. The increase is minimal and can be accomplished within existing appropriations.

Local Government Impact

The bill decreases fine revenue to local licensing authorities by a minimal amount. As described in the State Revenue section, changing the way fines are calculated for certain violations by applicable licensees is expected to decrease individual fine amounts for licensees with significant manufacturing or wholesaling activities. However, fines must still range from \$200 to \$5,000, limiting the overall decrease in fine revenue as a result of the bill. Fines that are assessed by a local licensing authority are deposited in the local licensing authority's general fund.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Law	Municipalities	Revenue
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