



**Colorado
Legislative
Council
Staff**

HB16-1452

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1022
Prime Sponsor(s): Rep. Melton
Sen. Scott

Date: June 6, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: HOTEL WINE PERMITTED SALES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$11,680</u>	<u>\$25,510</u>
General Fund	3,650	8,200
Cash Funds	8,030	17,310
State Expenditures	Workload increase.	
TABOR Impact		\$25,510
Appropriation Required: None.		
Future Year Impacts: Ongoing state revenue and workload increase.		

NOTE: The bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill creates a state-issued "wine-expanded permit" that allows a hotel with a valid hotel-restaurant liquor license to sell sealed containers of wine for consumption on or off the premises. Permitted hotels must:

- follow the same hours of restrictions as other licensed retailers;
- restrict sales to a specifically designated area of the premises; and
- require consumers who reasonably appear to be under 35 years old to present a government-issued identification to verify they are over 21 years old.

Hotels that have had their liquor license suspended or are subject to discipline at the time of the permit application are not eligible for a wine-expanded permit. Permitted hotels may sell up to six 750 milliliter sealed containers per transaction. The bill sets the annual state permit fee at \$75. The Liquor Enforcement Division (LED) in the Department of Revenue (DOR) may set an application fee for the permit.

Data and Assumptions

Hotel-restaurant licenses are issued to hotels that sell alcohol beverages to customers in hotel rooms or in areas where meals are regularly served and that meet other specific requirements. Revenue from food and drink can make up no more than 25 percent of the hotel's annual revenue.

There are currently 4,962 hotel and restaurant licensees, approximately 324 of which are hotels and will be eligible for a wine-expanded permit. Of the eligible hotels, the fiscal note assumes that 292 will apply for a permit, of which 146 will apply in FY 2016-17 and 146 in FY 2017-18. About 600 new hotel-restaurant licenses are issued per year, and the fiscal note assumes that 36 new hotels will apply for a permit in FY 2017-18. As a result, it is expected that 182 permits will be issued and 146 will be renewed in FY 2017-18.

State Revenue

The bill increases state revenue from fees by \$11,680 in FY 2016-17 and \$25,510 in FY 2017-18. In FY 2016-17, \$8,030 will be deposited into the Liquor Licensing Cash Fund and \$3,650 into the General Fund. In FY 2017-18, \$17,310 will be deposited into the Liquor Licensing Cash Fund and \$8,200 into the General Fund.

The bill sets the state licensing fee at \$75 per permit. Of that, \$50 goes to the Liquor Licensing Cash Fund and \$25 is credited to the General Fund. The DOR will charge an estimated \$5 application fee for new applications, credited to the Liquor Licensing Cash Fund.

Fee impact on hotels. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of the creation of a wine-expanded permit for licensed hotels. The application fee is an estimate only and will be set administratively by DOR.

Table 1. Fee Impact on Hotels Under HB16-1452				
Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2016-17	Wine-expanded Permit Fee	\$75	146	\$10,950
	Wine-expanded Permit Application Fee	5	146	730
	Total			\$11,680
			<i>General Fund</i>	8,030
			<i>Cash Fund</i>	3,650
FY 2017-18	Wine-expanded Permit Fee	\$75	182	\$13,650
	Wine-expanded Permit Application Fee	5	182	910
	Wine-expanded Permit Fee - renewal	75	146	10,950
	Total			\$25,510
			<i>General Fund</i>	8,200
			<i>Cash Fund</i>	17,310

TABOR Impact

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

State Expenditures

Beginning in FY 2016-17, the bill increases the workload for the DOR. The LED will issue the wine-expanded permits to hotels that hold a valid hotel-restaurant license, conduct rulemaking, update materials, and conduct inspections to ensure that permitted hotels have a specifically designed area for the sale of wine. It is expected that it will take approximately 15 minutes to review a wine-expanded permit application and that an additional 30 minutes per inspection of a licensed hotel will be required. This workload can be accomplished with existing appropriations. Should DOR require additional resources, they will be requested through the annual budget process.

Effective Date

The bill was postponed indefinitely by the House Business, Affairs, and Labor Committee on May 10, 2016.

State and Local Government Contacts

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