



**Colorado
Legislative
Council
Staff**

HB17-1120

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 3, 2017)

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

Drafting Number: LLS 17-0544
Prime Sponsor(s): Rep. Willett
Sen. Coram

Date: March 8, 2017
Bill Status: Senate Business
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: ALCOHOL BEVERAGE LICENSE HIGHER EDUCATION CAMPUS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	Minimal impact. See State Revenue section.	
General Fund		
Cash Funds		
State Expenditures	\$22,150	Minimal workload increase.
Cash Funds	22,150	
TABOR Impact	Minimal impact.	
Appropriation Required: \$22,150 - Department of Revenue (FY 2017-18).		
Future Year Impacts: Ongoing minimal revenue and workload impacts.		

Summary of Legislation

Under the *reengrossed* bill, an institution of higher education, or a person who contracts with an institution to provide food services, that holds a hotel-restaurant license to serve alcohol beverages for on-premises consumption (licensee) may be designated as a campus liquor complex at the time of initial licensure or license renewal. The licensee must designate a principal licensed premises and additional related facilities. The bill defines a related facility as an area approved by licensing authorities that is on the campus of a licensed institution of higher education and owned or controlled by the institution.

The licensee may apply for a related facility permit for each related facility within the campus at any time and must designate a manager for the campus liquor complex and each related facility. Each related facility must:

- be clearly identified within the boundaries of the campus, including the point of service and each area where alcohol beverages are consumed must be identified by a description and map of the area; and
- remain under the control of the licensee. If control of the facility changes and licensing authorities are not notified, the campus liquor complex and associated permits may be revoked, denied, or suspended.

For each related facility permit, the bill sets the annual state fee at \$75, and the annual local fee at \$100. The bill specifies that each related facility is considered a separate entity for the purposes of enforcing rules and laws, and assessing penalties, and clarifies that a special event permit may be issued for an event held on a licensed premises designated as a campus liquor complex.

Assumptions

As of January 2017, there are five hotel-restaurant licenses that have been issued to three institutions of higher education, and at least four hotel-restaurant licenses that have been issued to entities that provide food services for institutions of higher education. The fiscal note assumes that:

- the number of licensed entities on campuses will be unchanged as a result of the bill;
- institutions or persons that currently have a hotel-restaurant permit will convert it to a campus liquor complex and any additional hotel-restaurant licenses held by the institution or contracted food services provider will be converted to related facility permits; and
- any new entity on a campus that would otherwise be licensed as a hotel-restaurant license will be licensed as a related facility permit.

State Revenue

The bill may have a minimal impact on state revenue to the Department of Revenue (DOR) beginning in FY 2017-18. Revenue from liquor license fees is divided between the Liquor Enforcement Division Cash Fund and the General Fund.

Fee impact on institutions of higher education. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. There is not expected to be a change in revenue for a hotel and restaurant license to be converted to a campus liquor complex or related facility, as the permit fee for both license types is \$75.

To the extent that institutions or contracted food service providers apply for new related facility permits or hotel-restaurant licenses with a campus liquor designation as a result of the bill, revenue will increase from new license or permit fees and decrease from the initial hotel-restaurant license application fee (currently \$1,950) that is not applicable to a related facility permit. Due to the small number of hotel-restaurant licenses currently held by institutions of higher education and anticipated negligible change in the number of licensed entities, any fee impact is expected to be minimal.

TABOR Impact

This bill impacts state revenue from fees by a minimal amount, which will impact the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. To the extent the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount. To the extent the bill increases 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. TABOR refunds are paid out of the General Fund.

State Expenditures

The bill increases cash fund expenditures in the DOR by \$22,150 in FY 2017-18 from the Liquor Enforcement Division (LED) Cash Fund, and impacts workload in both DOR and institutions of higher education beginning in FY 2017-18, as discussed below.

Department of Revenue. DOR requires \$22,150 to update the MyLicense Office system with the new license designation and permits. The amount is based on an estimate provided by the vendor to accommodate the new license types. The bill also increases the workload for the LED to process license and permit applications, permits, and conversions as a result of the bill; this workload increase can be accomplished within existing appropriations.

Institutions of higher education. The bill impacts the costs and workload for institutions of higher education by reducing the costs and workload to obtain related facility permits instead of new liquor licenses or special event permits, and increasing costs for institutions that choose to apply for new hotel-restaurant licenses with a campus liquor designation and related facility permits. For institutions that convert existing licenses to a campus liquor complex or related facility as a result of the bill, workload and costs are not expected to change.

Local Government Impact

The bill increases workload and revenue to local licensing authorities beginning in FY 2017-18 as a result of new related facility permit applications. The bill sets the local licensing fee at \$100 per related facility. The fiscal note assumes that any workload or revenue increase will be minimal.

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 Appropriations

Consistent with this fiscal note, the bill includes a cash fund appropriation of \$22,150 from the Liquor Enforcement Division Cash Fund to the Department of Revenue in FY 2017-18.

State and Local Government Contacts

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