



**Colorado
Legislative
Council
Staff**

SB17-077

FISCAL NOTE

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

Drafting Number: LLS 17-0588

Date: January 20, 2017

Prime Sponsor(s): Sen. Jahn
Rep. Willett; Kraft-Tharp

Bill Status: Senate Local Government
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: GOVERNMENT AGENCY SPECIAL EVENT PERMIT ELIGIBILITY

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	<u>\$600</u>	<u>\$600</u>
Cash Fund	600	600
State Expenditures	<u>\$4,753</u>	<u>\$3,802</u>
Cash Fund	4,753	3,802
TABOR Impact	\$600	\$600
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

This bill allows state or local licensing authorities to issue a special event permit to a state or local government agency that has a statutory mandate to promote alcohol beverages manufactured in Colorado or to promote tourism to an area of the state that manufactures alcohol beverages. If a local government agency is also the local licensing authority, the local agency must apply to the state licensing authority for the permit.

Background and Assumptions

Special event permits. Special event permits allow beer, wine, and spirits to be sold by the drink and may be issued by state or local licensing authorities. The Liquor Enforcement Division (LED) in the Colorado Department of Revenue (DOR) serves as the state licensing authority. Under current law, organizations that may apply for a permit include social, fraternal, patriotic, political, athletic, religious or nonprofit organizations, as well as institutions of higher education, political candidates, or municipalities that own arts facilities. Permittees may hold up to 15 events per year.

Affected state agencies. Under the bill, state and local agencies that may apply for a special event permit may include, among others, the Colorado Wine Development Board in the Department of Agriculture, the Colorado Tourism Office in the Office of Economic Development and International Trade, and city and county government tourism agencies.

Assumptions. As of January 2017, there were approximately 40 local governments that had received at least one special event permit in 2016, excluding any chambers of commerce that may be affiliated with a local government. Assuming most local government agencies are already able to obtain a special event permit, the fiscal note assumes that approximately 12 state or local agencies will apply for 2 permits each year, totaling 24 new permit applications per year.

State Revenue

Beginning in FY 2017-18, the bill increases state revenue from special events permits to the Liquor Enforcement Division Cash Fund by \$600 per year. The fee for special event permit is \$25 per day for a full-strength beer, wine, and spirits permit. The fiscal note assumes that 24 new permits will be issued for full-strength beer, wine, and spirits, at a cost of \$25 per permit per day, resulting in approximately \$600 in new revenue per year, beginning in FY 2017-18.

Fee impact on local governments. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are set in statute and are deposited in the Liquor Enforcement Division Cash Fund. The table below identifies the estimated fee impact of this bill.

Fiscal Year	Type of Fee	Current Fee	New Permits	Total Fee Impact
FY 2017-18	Special Event Permit - full-strength beer, wine, spirits	\$25	24	\$600
FY 2018-19	Special Event Permit - full-strength beer, wine, spirits	\$25	24	\$600

TABOR Impact

This bill increases state cash fund revenue from special event permit fees by \$600, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. Since 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. TABOR refunds are paid out of the General Fund.

State Expenditures

The bill increases expenditures from the Liquor Enforcement Division Cash Fund in the Department of Revenue by \$4,753 in FY 2017-18, and \$3,802 beginning in FY 2018-19. The bill also increases the workload for Department of Agriculture and the Office of Economic Development and International Trade by a minimal amount.

Liquor Enforcement Division – DOR. The bill increases the workload for the LED to process additional special event permit applications from qualifying state or local government agencies that apply for a permit as a result of the bill. The fiscal note assumes that there will be

approximately 24 new permits, for a total of about 40 hours of work, or approximately \$800. This workload increase can be accomplished within existing appropriations; however, should the workload require additional appropriations, the fiscal note assumes that the department will make that request through the annual budget process.

Legal services – DOR. The bill increases expenditures for legal services required by the DOR by \$4,753 in FY 2017-18 and \$3,802 in FY 2018-19. The DOR requires 10 hours of legal services for rulemaking and 40 hours to conduct an assumed two additional hearings in FY 2017-18, and 40 hours for hearings beginning in FY 2018-19, at a rate of \$95.05 per hour. The legal services will be provided by the Department of Law.

Colorado Wine Development Board. The bill may increase the workload and expenditures for the board, housed in the Department of Agriculture, to apply for special events permits and hold special events. The fiscal note assumes that the number of permits the board may apply for will be minimal and can be accomplished within existing appropriations.

Office of Economic Development and International Trade. Should the Colorado Tourism Office in the Office of Economic Development and International Trade apply for special event permits, the bill increases the workload for the office. Any increase is expected to be minimal and can be accomplished within existing appropriations.

Local Government Impact

To the extent that local licensing authorities issue additional special events permits as a result of the bill, the authorities' revenue and workload will increase. In addition, the bill increases expenditures for any local government agency that decides to apply for a special event permit as a result of the bill. Any increase is expected to be minimal.

State Appropriation

For FY 2017-18, the bill requires an appropriation of \$4,753 from the Liquor Enforcement Division Cash Fund to the Department of Revenue, to be reappropriated to the Department of Law.

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

Agriculture	Counties	Economic Development
Information Technology	Law	Local Affairs
Municipalities	Revenue	