



Legislative  
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**SB 20-110**

# REVISED FISCAL NOTE

**Drafting Number:** LLS 20-0833  
**Prime Sponsors:** Sen. Williams A.; Holbert  
Rep. Snyder

**Date:** March 12, 2020  
**Bill Status:** House Business Affairs  
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**Bill Topic:** **PENALTIES FOR LIQUOR LAW VIOLATIONS**

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows liquor licensing authorities additional flexibility to assess fines, and raises the range of fines. The bill increases state and local revenue and state workload on an ongoing basis.

**Appropriation Summary:** For FY 2020-21, the bill includes an appropriation of \$45,838 to the Department of Revenue; however, this revised fiscal note estimates that no appropriation is required.

**Fiscal Note Status:** This revised fiscal note reflects the reengrossed bill.

## Summary of Legislation

Under current law, the state or a local licensing authority may suspend or revoke any liquor license or permit for violations of the Liquor Code or other regulations set by the licensing authority. Rather than have their license suspended or revoked, licensees may petition to instead pay a fine, which must be equivalent to 20 percent of a licensee's estimated gross revenues from alcohol. The fines must range from \$200 to \$5,000.

The bill requires that the state licensing authority adopt rules establishing categories of violations based on severity, and associated ranges of penalties, including mitigating and aggravating factors to be considered in determining fines. The bill also changes the range of potential fines to between \$500 and \$100,000, except that the fine for a first violation in the least severe category cannot exceed \$5,000.

In addition, the bill allows state and local licensing authorities to assess a fine for a violation, regardless of whether the licensee has petitioned for a fine instead of a suspension, and allows the state licensing authority to determine the form of any state fine payment.

## **State Revenue**

Beginning in FY 2020-21, the bill increases state revenue from fines by an indeterminate amount, which is expected to be minimal in most years. Fine revenue is deposited in the General Fund and is subject to TABOR. The actual fine amounts for different types of violations will be determined by LED through rulemaking. Because the fine for first time, least severe violations cannot exceed \$5,000, as under current law, the fiscal note assumes that any change in total fine revenue will be minimal. Should the maximum fine for severe violations be assessed, General Fund revenue will increase by up to \$100,000 per violation. The fiscal note assumes that the maximum fines will be rare.

## **State Expenditures**

Beginning in FY 2020-21, the bill increases workload for the Department of Revenue. The LED will have additional workload to conduct rulemaking to identify violation categories and associated fine ranges, as well as to modify any procedures related to assessing fines. Legal services for rulemaking are provided by the Department of Law. The Hearing Division may have additional workload to the extent that the increased fine range results in additional challenges to administrative action. No change in appropriations are required.

**TABOR refunds.** To the extent the bill increases state fine revenue, it is expected to increase state General Fund obligations for TABOR refunds beginning in FY 2020-21. Under current law and the December 2019 Legislative Council Staff forecast, the measure will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

## **Local Government**

The bill increases revenue to local licensing authorities that may assess higher and additional fines as a result of the bill. Specific revenue increases will vary by local jurisdiction and are likely to fluctuate by year, if and when any \$100,000 fines are assessed. In addition, workload will increase for local licensing authorities to modify any procedures related to assessing fines, and to handle any additional hearings as a result of the bill.

## **Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed, and applies to conduct occurring on or after that date.

## **State Appropriations**

For FY 2020-21, the bill includes an appropriation \$45,838 from the Liquor Enforcement Division Cash Fund to the Department of Revenue; however, this revised fiscal note estimates that no appropriation is required.

**State and Local Government Contacts**

Counties

Law

Municipalities

Revenue