



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 7, 2023)

Drafting Number:	LLS 23-0960	Date:	April 20, 2023
Prime Sponsors:	Sen. Rodriguez; Gardner Rep. Lynch	Bill Status:	House Finance
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Bill Topic: **ALCOHOL BEVERAGE FESTIVAL PARTICIPATION**

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 specifies the number of permitted festivals in which a liquor licensee may jointly participate and modifies the permit fee and application timeline. It increases state revenue and minimally increases state and local workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the reengrossed bill.

**Table 1
State Fiscal Impacts Under SB 23-264**

		Current Year FY 2022-23	Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Funds	\$4,725	\$56,775	\$56,775
Expenditures		-	-	-
Transfers		-	-	-
Other Budget Impacts	TABOR Refund	\$4,725	\$56,775	\$56,775

Summary of Legislation

Under current law, certain liquor licensees may obtain a permit to hold up to nine festivals per year, and other licensees may jointly participate in the festival with the permitted licensee. The bill makes the following changes to the festival permit:

- changes the deadline to apply for a permit from 10 business days before the festival to 30 calendar days;
- increases the state permit fee from \$25 to \$50 and requires that it be paid for each festival held;
- clarifies that the nine festivals are during a calendar year, beginning January 1, 2024;
- allows a licensee to participate in up to 52 total festivals per year, including those that the licensee jointly participates in and up to nine held under the licensee’s permit.

State Revenue

The bill increases state fee revenue to the Liquor Enforcement Division Cash Fund in DOR by about \$4,725 in the current FY 2022-23 and an estimated \$56,775 per year in subsequent years. Fee revenue is subject to TABOR.

Assumptions. The fiscal note assumes that 757 festival permits will be issued in FY 2022-23, based on the 631 permits issued through the first 10 months of the fiscal year. The number of permits is assumed to remain constant in subsequent years; however, recent policy changes and shifts in licensee behavior have resulted in fluctuations in the number of festival permits. Thus, there is significant uncertainty around this estimate. The fiscal note further assumes that festival permittees will hold an average of three festivals each per year.

Fee impact on festival permittees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases the festival permit fee from \$25 to \$50 and requires that the fee be paid for each festival, rather than just each permit. In FY 2022-23, the fiscal note assumes that one month of applications (about 8 percent) will pay the higher fee in June 2023. Beginning in FY 2023-24, the fiscal note assumes the number of licensees discussed in the Assumption section above. Table 2 below identifies the fee impact of the bill.

Table 2
Fee Impact on Festival Permittees

Fiscal Year	Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
FY 2022-23	Festival Permit Fee	\$25	\$50	\$25	189	\$4,725
FY 2023-24	Festival Permit Fee	\$25	\$50	\$25	2,271	\$56,775
FY 2024-25	Festival Permit Fee	\$25	\$50	\$25	2,271	\$56,775

State Expenditures

Beginning in the current FY 2022-23, the bill increases workload for the Liquor Enforcement Division in the Department of Revenue to track festival participation, update rules, and handle any additional complaints. The bill is not expected to change the total number of festival permits or events. No change in appropriations is required.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Local Government

Similar to the state, the bill minimally increases workload for local licensing authorities to track participation, update policies, and handle any complaints.

Effective Date

The bill takes effect June 1, 2023.

State and Local Government Contacts

Revenue