



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

SB 20-086

FINAL FISCAL NOTE

Drafting Number:	LLS 20-0832	Date:	June 24, 2020
Prime Sponsors:	Sen. Williams A.; Holbert Rep. Snyder; McKean	Bill Status:	Signed into Law
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Bill Topic: **ALCOHOL BEVERAGE LICENSE AND PERMIT EXPIRATION**

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

The bill allows the Department of Revenue to establish a renewal fee for liquor licenses and permits, and allows licensees to be notified of expiration dates through means established by the division. The bill results in no net change to state revenue, and increases state workload in FY 2020-21 only.

**Appropriation
Summary:** No appropriation is required.

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

Summary of Legislation

The bill allows the Liquor Enforcement Division (LED) in the Department of Revenue (DOR) to set a renewal fee for liquor licenses and permits. It also allows LED to notify licensees of the expiration date of their license by any method likely to reach the licensee, rather than by first class mail as is currently required.

Background

Under current law, applicants for a new liquor license are charged an application fee, which is set by LED, and a licensing fee, which is set in statute and varies by license type. Other administrative fees may also apply in certain situations. When a license is renewed annually, the licensee only pays the licensing fee that is set in statute.

LED currently has the authority to set certain fees administratively, including the application fee for new licenses, in order to cover the direct and indirect costs of the division. Revenue from administratively set fees is deposited into the LED Cash Fund, along with a portion of license fees. Due to recent volatility in the number of new liquor license applications, the application fee has ranged from \$550 and \$1,950 in the past five years. It is projected that application fees will generate approximately \$1.9 million in FY 2019-20.

State Revenue

On an ongoing basis, the bill does not change the total amount of fee revenue collected by the LED and deposited in the LED Cash Fund; however, it changes the fee amounts for the currently assessed application fees and the newly created renewal fees.

The fiscal note assumes that revenue from application fees will grow to about \$2.3 million in FY 2020-21 and \$2.4 million in FY 2021-22 under current law. Under the bill, it is estimated that DOR will set an initial renewal fee of \$50, and will lower the application fee to \$1,300 to offset some of the new revenue. These changes are expected to decrease revenue by about \$300,000 in FY 2020-21, and increase it by the same amount in FY 2021-22. Over a two-year period, and on an ongoing basis, there is no net change in revenue.

Fee impact on liquor licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the DOR based on cash fund balance, estimated program costs, and the estimated number of licenses and permits subject to the fee. The table below identifies the fee impact of this bill.

**Table 1
Fee Impact on Liquor Licensees Under SB 20-086**

Fiscal Year	Type of Fee	Fee	Number Affected	Estimated Fee Impact**
	Estimated Application Fee Revenue - Current Law*			\$2.3 million
FY 2020-21	Application Fee - Under Bill	\$1,300	1,000	\$1.3 million
	Renewal Fee - Under Bill	\$50	14,000	\$700,000
FY 2020-21 Change From Current Law				(\$300,000)
	Estimated Application Fee Revenue - Current Law*			\$2.4 million
FY 2021-22	Application Fee - Under Bill	\$1,300	1,500	\$2.0 million
	Renewal Fee - Under Bill	\$50	15,000	\$775,000
FY 2021-22 Change from Current Law				\$300,000
Two-Year Revenue Change				\$0

* The current application fee is \$1,550; however, it fluctuates based on industry trends, the number of applications, and direct and indirect administrative costs.

** Totals may not sum due to rounding.

State Expenditures

In FY 2020-21 only, the bill increases workload in the DOR by a minimal amount for the LED to conduct rulemaking to establish the new renewal fee and modify notification procedures. DOR can accomplish this rulemaking within its normal schedule and existing legal services budget. No change in appropriations is required.

Effective Date

The bill was signed into law by the Governor on March 20, 2020, and takes effect September 14, 2020, assuming no referendum petition is filed. It applies to notices provided and renewal application submitted on or after that date.

State and Local Government Contacts

Counties Law Municipalities Revenue