



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 10-0668
Prime Sponsor(s): Rep. Kerr J.
 Sen. Tochtrop

Date: January 30, 2010
Bill Status: House Business Affairs and Labor
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING A LICENSE FOR CATERERS TO SELL ALCOHOL BEVERAGES AT CATERED EVENTS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
General Fund	\$274,400	\$302,400
Cash Funds		
Liquor Enforcement Division and Sate Licensing Authority Cash Fund	421,400	62,600
State Expenditures		
Cash Funds		
Liquor Enforcement Division and Sate Licensing Authority Cash Fund	\$507	\$384
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See the State Appropriations section.		
Local Government Impact: See the Local Government Impact section.		

Summary of Legislation

The bill creates a new type of alcohol license that authorizes caterers to sell and serve alcohol where food is catered, subject to specified limitations. HB10-1150 imposes an annual state licensing fee of \$325 and an annual local licensing fee of \$500.

State and Local Revenue

As shown in Table 1, the bill is expected to generate total state revenue of \$695,800 in FY 2010-11, and \$365,000 in FY 2011-12. Local revenue of \$29,400 in FY 2010-11 and \$32,400 in FY 2011-12 from the local government's share of the local license fee is also anticipated.

Table 1. Total State and Local Revenue Projected from HB10-1150

	FY 2010-11	FY 2011-12
Number of New Applicants	392	40
Number of Renewals	<u>n/a</u>	<u>392</u>
Total Applications	392	432
Type of Fee:		
One-Time Alcohol Application Fee (\$1,025)	\$401,800	\$41,000
Annual Caterer's State License Fee (\$325)	127,400	140,400
Annual Caterer's Local License Fee (\$500)	<u>196,000</u>	<u>216,000</u>
Total Revenue	\$725,200	\$397,400
Disposition of Revenue:		
General Fund	\$274,400	\$302,400
Liquor Enforcement Division CF	<u>421,400</u>	<u>62,600</u>
State Subtotal	\$695,800	\$365,000
Local Revenue	<u>29,400</u>	<u>32,400</u>
Total Revenue	\$725,200	\$397,400

The bill authorizes a caterer's license to be issued to individuals who operate a catering business to sell alcohol beverages at the client's chosen place of service or at the caterer's food establishment. Department of Revenue sales tax data indicates that 392 caterers filed state sales tax returns during FY 2008-09. It is assumed that all caterers will apply for the new state license in FY 2010-11, and that 40 additional caterers will open for business in FY 2011-12.

State Fees. In addition to the annual fees established by the bill, each new applicant will be required to pay a one-time application fee to the division of \$1,025. All of this fee revenue is credited to the division's cash fund. The annual state fee is established in the bill at \$325. Revenue from this fee is remitted to the General Fund, except that \$50 from each state license fee is transferred to the division's cash fund.

Local Fees. An annual local license fee of \$500 is provided in the bill. Current law requires that 85 percent of local license fees issued for alcohol beverage licenses be paid to the Department of Revenue, and credited to the Old Age Pension Fund (ending up in the General Fund). The remaining 15 percent is retained by the municipal or county government that issues the permit.

State Expenditures

The Liquor Enforcement Division requires \$507 in FY 2010-11, and \$384 in FY 2011-12 for postage and mailing expenses from the Liquor Enforcement Division and State Licensing Authority Cash Fund. An estimated 200 hours of personal services time will be necessary to process applications. This workload will be split among existing division personnel and will be absorbed within the division's budget.

Local Government Impact

A local caterer's licence requires an annual fee of \$500. Of that amount, 15 percent is retained by the local government and 85 percent is remitted to the state's General Fund. Municipalities and counties will keep \$29,400 in FY 2010-11, and \$32,400 in FY 2011-12 from the annual fee. In addition, local governments are authorized to impose a one-time application fee, for which all of the fee revenue is retained locally. No revenue estimate from this additional fee has been made.

State Appropriations

For FY 2010-11, the fiscal note implies the need for an appropriation of \$507 from the Liquor Enforcement Division and State Licensing Authority Cash Fund to the Department of Revenue.

Departments Contacted

Revenue

Local Affairs

Public Health & Environment