



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

**Drafting Number:** LLS 11-0471

**Date:** February 2, 2011

**Prime Sponsor(s):** Sen. Jahn

**Bill Status:** Senate Local Government & Energy

**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE ISSUANCE OF SPECIAL EVENT PERMITS TO SERVE ALCOHOL BEVERAGES.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b> General Fund	-\$60,385	-\$65,875
<b>State Expenditures</b>	See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> Small savings in reduced physical mail correspondence with state liquor officials. Small increase to individual local governments in fees formerly directed to the state liquor authority.		

**Summary of Legislation**

Under current law, special event liquor permits are issued by the Colorado Department of Revenue, Liquor Enforcement Division, with administrative support by a local liquor licensing authority. Temporary special event permits accommodate fund-raising activities for qualified organizations such as nonprofits, political candidates, or a municipal arts board.

The bill authorizes local liquor licensing authorities to independently issue special event permits. The bill repeals a requirement that a special event permit applicant show that existing facilities are inadequate. The bill repeals state licensing authority discretion to compel applicants to post a performance bond. The number of days any organization may hold a special event permit or permits in one calendar year is increased from 10 to 15 days. To ensure compliance with the 15-day annual special event permit limit, the state licensing authority is directed to establish and maintain a web site tracking special event permit activity by applicants. Local liquor licensing authorities are required to access the state special event permit web site before approving any application.

### **State Revenue**

Based on the assumed effective date of August 10, 2011, the bill will result in a loss of state General Fund revenue of \$60,385 in FY 2011-12 and an annual loss of \$65,875 in General Fund revenue in subsequent fiscal years. Special event permits are issued by the state licensing authority at a current rate of 2,415 permits per year. Of the annual special event permit total, 2,349 are liquor permits subject to a \$25 statutory fee; 67 are malt beverage ("3.2 Beer") permits with a \$10 statutory fee.

The fiscal note assumes that local governments with special event permit activity will elect to issue these permits directly. Larger jurisdictions constitute the majority of special event permit revenue and the fiscal note assumes these jurisdictions are likely to exercise local authority to issue permits if granted.

### **State Expenditures**

The bill has a minimal effect on costs in the Department of Revenue. Departmental staff currently involved in the issuance of special event permits will experience a substantial reduction in this workload. However, the department will continue to receive special event permit information from local jurisdictions and must summarize and continuously update this information on the department's website. New duties identified for the department involve the same caseload volume and will require staffing consistent with existing FTE allocation. The department is able to add content to its web site without incurring programming costs; therefore, establishment of the special event permit web site will be absorbed within existing appropriations.

### **Local Government Impact**

The power to issue special event permits directly, without correspondence to the state liquor authority, coupled with the development of a new web-based tool for compliance verification, may yield some cost savings in offices of municipal clerks or other officials administering local liquor licensing. Under the bill, the local liquor authority may collect statutory special event permit fees previously payable to the state liquor authority; approximately \$66,000 in total annual foregone state revenue will be distributed amongst local liquor licensing authorities statewide.

### **Departments Contacted**

Local Affairs                      Revenue