SB 20-110

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number:	LLS 20-0833	**Date:**	September 2, 2020
Prime Sponsors:	Sen. Williams A.; Holbert Rep. Snyder	**Bill Status:**	Signed into Law
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Bill Topic: **PENALTIES FOR LIQUOR LAW VIOLATIONS**

Summary of Fiscal Impact:

☒ State Revenue
☒ State Expenditure
☐ State Transfer
☐ TABOR Refund
☒ Local Government
☐ 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: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted 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. Changes in fines and penalties apply to violations occurring on or after the bill's effective date.

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. Under the March 2020 LCS Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2020-21 or FY 2021-22, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

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 was signed into law by the Governor and took effect on July 10, 2020.

State and Local Government Contacts

Counties	Law	Municipalities	Revenue