

## Colorado Legislative Council Staff Fiscal Note


**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 14-0344  
**Prime Sponsor(s):** Rep. Williams  
 Sen. Jahn

**Date:** June 24, 2014  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**SHORT TITLE:** WINE PACKAGING PERMITS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>	<b><u>\$24,600</u></b>	<b><u>\$24,600</u></b>
Cash Funds	24,600	24,600
<b>State Expenditures</b>	<b><u>\$5,202</u></b>	<b><u>\$541</u></b>
Cash Funds	5,202	541
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> \$5,202 - Department of Revenue (FY 2014-15)		

\* This summary shows changes from current law under the bill for each fiscal year.

### Summary of Legislation

Under current law, only licensed wineries are permitted to bottle the wine they produce. This bill creates the wine packaging permit to be issued by the Department of Revenue (DOR) that allows a licensed winery to package wine manufactured by another winery. The permit also allows a wine wholesaler to package wine. Prior to packaging, federal excise taxes on the wine must be paid. After packaging, the wine must be returned to the original winery, or to the original winery's licensed wholesaler. The packaging winery cannot sell or distribute the packaged wine to a licensed retailer or directly to a consumer. The bill sets the annual fee for the wine packaging permit at \$200.

### State Revenue

This bill is expected to increase cash fund revenue from fees by **\$24,600 per year** to the DOR beginning in FY 2014-15. Revenue generated by this bill will be deposited into the Liquor Enforcement Division and State Licensing Authority Cash Fund.

**Assumptions.** There are currently 246 licensees that would be eligible for a wine packaging permit. The fiscal note assumes that 50 percent of eligible licensees would apply for the permit.

**Fee impact on individuals and business.** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 identifies the fee impact of this bill.

<b>Table 1. Fee Impact on Individuals, Families or Business</b>			
<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
Wine Packaging Permit	\$200	123	\$24,600
<b>TOTAL</b>			<b>\$24,600</b>

### State Expenditures

This bill is expected to increase DOR cash fund expenditures by **\$5,202 in FY 2014-15 and \$541 in FY 2015-16** and thereafter. These costs are paid from the Liquor Enforcement Division and State Licensing Authority Cash Fund. Temporary staff to review, process, and approve applications for wine packaging permits will result in costs of \$1,082 in FY 2014-15 and \$541 in FY 2015-16. In FY 2014-15, \$4,120 is required for 40 hours programming of the licensing system by the Office of Information Technology at a rate of \$103 per hour. Table 2 illustrates the costs of the bill.

<b>Table 2. Expenditures Under HB14-1034</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Personal Services - Temporary Staff	\$1,082	\$541
Computer Programming	4,120	
<b>TOTAL</b>	<b>\$5,202</b>	<b>\$541</b>

### Effective Date

The was signed into law by the Governor and took effect on May 9, 2014.

### State Appropriations

For FY 2014-15, the Department of Revenue requires an appropriation of \$5,202 from the Liquor Enforcement Division and State Licensing Authority Cash Fund. Of this amount, \$4,120 is reappropriated to the Office of Information Technology.

### State and Local Government Contacts

Law                      Revenue