

# AGENDA ITEM SUMMARY

November 7, 2017

City Council

## STAFF

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Peggy Streeter, Senior Sales Tax Auditor  
Ryan Malarky, Legal

## SUBJECT

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Second Reading of Ordinance No. 134, 2017, Amending Chapter 3, Article III, Section 3-76 of the Code of the City of Fort Collins to Set the Occupation Tax Rate for New Categories of Liquor Licenses.

## EXECUTIVE SUMMARY

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This Ordinance, unanimously adopted on First Reading on October 17, 2017, adds new liquor license types and corresponding tax to the City's occupation tax schedule. The Colorado General Assembly has added three new types of liquor licenses. The City has an occupation tax for the liquor license categories established by the State.

## STAFF RECOMMENDATION

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Staff recommends adoption of the Ordinance on Second Reading.

## ATTACHMENTS

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1. First Reading Agenda Item Summary, October 17, 2017 (PDF)
2. Ordinance No. 134, 2017 (PDF)

## AGENDA ITEM SUMMARY

October 17, 2017

City Council

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### STAFF

Peggy Streeeter, Senior Sales Tax Auditor  
Ryan Malarky, Legal

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### SUBJECT

First Reading of Ordinance No. 134, 2017, Amending Chapter 3, Article III, Section 3-76 of the Code of the City of Fort Collins to Set the Occupation Tax Rate for New Categories of Liquor Licenses.

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### EXECUTIVE SUMMARY

The purpose of this item is to add the new license types and corresponding tax to the occupation tax schedule. The Colorado General Assembly has added three new types of liquor licenses. The City has an occupation tax for the liquor license categories established by the State.

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### STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

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### BACKGROUND / DISCUSSION

The City charges an occupation tax on businesses that sell at retail any fermented malt beverage, malt, special malt, vinous or spirituous liquors, in addition to license fees that these businesses must pay to the City annually. The amount of tax charged is listed in City Code Section 3-76(b) according to the category of license the business holds.

In recent years, the Colorado General Assembly has adopted legislation that created three new types of liquor licenses. Businesses operating in the City may apply for the new license types. The new types are a vintner's restaurant license, a lodging and entertainment license, and a distillery pub license. These new licenses are currently not specifically identified in the occupation tax schedule in Section 3-76(b). Under the current version of Section 3-76(b), future businesses seeking any of these new license types would likely have previously applied for a hotel and restaurant license, tavern license, or brew pub license. Section 3-76(b) currently imposes a \$1,600 occupation tax on these three types of licensees. The proposed Ordinance will amend Section 3-76(b) to add these three new license types and to set the occupation tax for them at \$1,600 so the effective cost to the licensees would be the same as they would currently pay.

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### CITY FINANCIAL IMPACTS

There would be no financial impact if adopted since there will be no increase in net revenues to the City. If the Ordinance is not adopted, the City's ability to collect the occupation tax on businesses categorized under one of the new license types would be in question.

ORDINANCE NO. 134, 2017  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING CHAPTER 3, ARTICLE III, SECTION 3-76 OF THE CODE OF  
THE CITY OF FORT COLLINS TO SET THE OCCUPATION TAX RATE  
FOR NEW CATEGORIES OF LIQUOR LICENSEES

WHEREAS, businesses that sell at retail any fermented malt beverage, malt, special malt, vinous, or spirituous liquors within the City of Fort Collins are required to pay an annual occupation tax; and

WHEREAS, the annual occupation tax rate for particular categories of liquor licensees is set forth in a schedule in Section 3-76 of the City Code; and

WHEREAS, the Colorado General Assembly adopted legislation creating three new types of liquor licenses, known as a lodging and entertainment license, a vintner's restaurant license, and a distillery pub license; and

WHEREAS, these three license categories are not specifically identified in the tax rate schedule in Section 3-76 of the City Code; and

WHEREAS, it is the desire of City Council to amend Section 3-76 of the City Code to set the tax rate for these specific license categories; and

WHEREAS, these categories of licensees would likely have previously applied for a hotel and restaurant license, tavern license, or brewpub license, each of which have a tax rate of sixteen hundred dollars (\$1600); and

WHEREAS, the adoption of this Ordinance does not result in an increase in net revenues to the City because the tax rate for these businesses is set at the same rate that would apply had the businesses applied under another similar license category.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That Chapter 3, Article III, Section 3-76 of the City Code is amended to read as follows:

**Sec. 3-76. – Occupation tax.**

...

(b) The following annual occupation taxes are hereby established and shall be paid by the applicant or licensee to the City:

	<i>License</i>	<i>Occupation Tax</i>
(1)	Retail liquor store license	\$ 750.
(2)	Liquor-licensed drugstore license	750.
(3)	Beer and wine license	800.
(4)	Hotel and restaurant license	1,600.
(5)	Tavern license	1,600.
(6)	Brew pub license	1,600.
(7)	Club license	800.
(8)	Arts license	150.
(9)	All licenses to sell fermented malt beverages for consumption both on and off the premises	750.
(10)	All licenses to sell only fermented malt beverages by the drink for consumption on the premises	750.
(11)	All licenses to sell only fermented malt beverages in their original containers for consumption off the premises	750.
(12)	Optional premises license (not associated with a hotel and restaurant license)	1,600.
(13)	Vintner's restaurant license	1,600.
(14)	Lodging and entertainment license	1,600.
(15)	Distillery pub license	1,600.

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Introduced, considered favorably on first reading, and ordered published this 17th day of October, A.D. 2017, and to be presented for final passage on the 7th day of November, A.D. 2017.

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Mayor

ATTEST:

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City Clerk

Passed and adopted on final reading on this 7th day of November, A.D. 2017.

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Mayor

ATTEST:

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City Clerk