



**Colorado
Legislative
Council
Staff**

SB17-143

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0630 **Date:** February 8, 2017
Prime Sponsor(s): Sen. Williams A. **Bill Status:** Senate Business
 Rep. Nordberg; Garnett **Fiscal Analyst:** Anna Gerstle (303-866-4375)

BILL TOPIC: CLEANUP ALCOHOL BEVERAGE RETAIL SALES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	See State Revenue section.	
State Expenditures	See State Expenditure section.	
TABOR Impact	Minimal increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal revenue and workload increase.		

Summary of Legislation

The bill modifies state law regarding the retail sale of alcohol in several ways.

Retail liquor stores. Under current law, retail liquor stores cannot receive more than 20 percent of their revenue from nonalcohol products. The bill excludes lottery, cigarettes, tobacco, and nicotine products from the 20 percent cap on nonalcohol products.

Under current law, a retail liquor store licensed before January 1, 2016, may move to a new location within or outside the city or county in which the license was originally issued. The bill prohibits state or local licensing authorities from approving the move if the new location is within 1,500 feet of another location licensed to sell alcohol at retail for off-premises consumption in a city, or 3,000 feet of another licensed location in a county.

Liquor-licensed drugstores. The bill modifies the definition of a liquor-licensed drugstore to specify that the licensee does not need to be a drugstore, but must have a drugstore licensed by the State Board of Pharmacy within its premises. It also allows:

- a liquor-licensed drugstore licensed before October 1, 2016, to obtain additional liquor-licensed drugstore licenses according to a schedule in statute; and
- a corporation within a controlled group of corporations that has a full or partial interest in a liquor-licensed drugstore to have an interest in another liquor-licensed drugstore, but specifies that the group is subject to the limitations on the number of allowable liquor-licensed drugstore licenses.

Other provisions. The bill also:

- removes the requirement that consumers present a valid identification at retail liquor stores, liquor-licensed drugstores, and fermented malt beverage retailers;
- clarifies that employees of licensed taverns and lodging and entertainment facilities serving food who are under the age of the 21 may also serve alcohol;
- changes the hours of sale prohibition for fermented malt beverages from midnight to 8 a.m. to midnight to 5 a.m.; and
- excludes liquor-licensed drugstores from the prohibition on the use of ATMs to access cash benefits through the electronic benefits transfer service.

Background

Senate Bill 16-197 significantly changed the licensing of off-premises retail liquor sales, including:

- establishing radius requirements for any new retail liquor store, liquor-licensed drugstore, or other off-premises retail license;
- phasing in additional retail liquor store licenses available to a single owner, beginning January 1, 2017;
- removing the distinction between 3.2 beer and full-strength beer, beginning January 1, 2019;
- allowing a liquor-licensed drugstore licensee to obtain additional licenses by purchasing at least two retail liquor stores and applying to convert them to a new liquor-licensed drugstore license, subject to radius requirements;
- prohibiting employees under 21 years of age at taverns, retail liquor stores, and liquor-licensed drugstores from selling alcohol;
- requiring that 3.2 beer, retail liquor store, and liquor-licensed drugstore licensees verify consumers are over 21 years of age and that consumers present a valid identification card in order to purchase alcohol; and
- setting additional requirements for liquor-licensed drugstore licensees and allowing retail liquor stores to sell additional food and nonalcohol products.

Comparable Crime

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of the existing crime that creates a new factual basis for the offense. The bill modifies unlawful acts related to hours of sale for fermented malt beverages; sale of alcohol by employees under 21 years of age at licensed taverns and lodging and entertainment facilities; and consumer identification requirements for the sale of alcohol for off-premises consumption. Because these changes restore laws that were in effect prior to July 1, 2016, when SB 16-197 went into effect, the fiscal note assumes any change in the number of cases will be negligible and that there will be no tangible impact to the court system.

State Revenue

Beginning in FY 2017-18, the bill increases revenue to the Department of Revenue and the Department of Public Safety by a minimal amount.

Department of Revenue. The bill increases revenue from liquor license fees to the Department of Revenue for any new liquor-licensed drugstore license applications received as a result of the bill. The state portion of the fee for a liquor-licensed drugstore license is \$227.50 in a city and \$312.50 in a county, plus a one-time application fee of \$1,950. Fee revenue is split between the General Fund and the Liquor Enforcement Division Cash Fund. The fiscal note assumes that any additional revenue will be minimal.

Department of Public Safety. The bill increases fee revenue to the Department of Public Safety for fingerprint background checks, which is deposited into the CBI Identification Unit Cash Fund. The current fee for background checks is \$39.50, which includes \$17.50 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency.

TABOR Impact

This bill increases state cash fund and General Fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. In years when the state collects revenue above the TABOR limit, the increase in General Fund revenue has no net impact on the amount of money available in the General Fund for the budget, as both revenue to the General Fund and the refund obligation increase by equal amounts. However, the increase in cash fund revenue increases the TABOR refund obligation, decreasing the amount of money available in the General Fund for the budget on a dollar-for-dollar basis. In future years when the state does not collect revenue above the TABOR limit, the bill's impact on General Fund revenue will increase money available for the General Fund budget.

State Expenditures

Beginning in FY 2017-18, the bill increases the workload for the Department of Revenue, Department of Public Safety, and Department of Human Services; and decreases the workload for the Judicial Department, as discussed below.

Department of Revenue. The bill increases the workload in the Department of Revenue to conduct rulemaking, handle additional liquor license applications, and adjust enforcement procedures. Allowing liquor-licensed drugstore licensees that applied for their license prior to October 1, 2016, to obtain additional liquor-licensed drugstore licenses may increase the number of liquor-licensed drugstore licenses issued. The fiscal note assumes that the workload increase will be minimal and can be accomplished within existing appropriations.

Department of Public Safety. To the extent the bill increases the number of applications for a liquor-licensed drugstore license, workload and costs will increase for the Department of Public Safety, as new applicants are required to obtain a fingerprint-based criminal background check. Background check costs include postage, per-print software, and equipment costs, as well as the pass through costs of the FBI background check.

Judicial Department. To the extent the bill decreases criminal cases, the workload for the Judicial Department will also decrease. Any decrease is expected to be minimal.

Department of Human Services. The bill increases workload in the Department of Human Services to communicate with public assistance recipients regarding where and how benefits can be accessed via ATM. The workload is expected to be minimal and can be accomplished within existing appropriations.

Local Government Impact

The bills increases the revenue and workload for local licensing authorities that process additional liquor-licensed drugstore license applications and conduct or update enforcement actions. A local licensing authority that is a city receives \$22.50 of the local licensing fee and a county receives \$37.50. The increase in revenue and workload is expected to be minimal.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Human Services	Information Technology	Judicial
Law	Municipalities	Public Safety	Revenue