



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# FINAL FISCAL NOTE

<b>Drafting Number:</b>	LLS 18-0261	<b>Date:</b>	June 20, 2018
<b>Prime Sponsors:</b>	Sen. Guzman Rep. Pabon	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** SAKE VINOUS LIQUOR CO LIQUOR CODE

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure ( <i>minimal</i> )	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill classifies sake as a vinous liquor. It increases state workload by a minimal amount on an ongoing basis.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the enacted bill.

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### Summary of Legislation

Under current law, Japanese rice wine, or sake, is classified as a malt liquor (i.e. beer) for the purposes of state licensing and regulation of alcohol manufacturers. This bill adds sake to the definition of a vinous liquor.

### Background

**Sake manufacturers under current law.** Currently, sake distilleries are licensed as beer manufacturers and wine wholesalers. They are not allowed to operate sales rooms. There are currently two sake manufacturers licensed as beer manufacturers by the Liquor Enforcement Division (LED) in the Department of Revenue.

**Sake manufacturers under the bill.** Under the bill, sake manufacturers will be licensed as either a wine manufacturer or limited winery. Licensed wine manufacturers are allowed two sales rooms, one of which must be at the licensed manufacturing location. Limited wineries may have one sales rooms at the manufacturing location and up to five additional locations. Sales rooms not located on the licensed manufacturing premises may be used for additional permanent locations, or may be used to conduct sales at temporary events throughout the year.

**Sales rooms.** A sales room is an area in which a licensed winery, limited winery, distillery, or full-strength beer wholesaler sells and serves alcohol for consumption on the licensed premises, sells alcohol in sealed containers for consumption on the licensed premises, or both. Applications for new sales rooms must be approved by a local licensing authority and the LED, but no additional fee is charged.

### **State Expenditures**

Beginning in FY 2018-19, the bill increases the workload for the LED in the Department of Revenue to process additional applications for permanent and temporary sales rooms. Processing sales room applications includes reviewing the application, inspecting a permanent sales room location, and conducting inspections. Sake manufacturers are not currently allowed to operate sales rooms and will be allowed either one or six additional sales rooms under the bill, depending on whether they apply for a wine manufacturer or limited winery license. Those additional sales rooms may be permanent locations or be made up of multiple temporary sales rooms. The fiscal note assumes that because there are only two current sake manufacturers and any growth in applications is expected to be minimal, the workload increase will be minimal and can be accomplished within existing appropriations.

### **Local Government Impact**

The bill increases the workload for local licensing authorities to process additional sales rooms applications as a result of the bill. The workload increase is expected to be minimal.

### **Effective Date**

The bill was signed into law by the Governor on April 12, 2018, and takes effect on August 8, 2018, assuming no referendum petition is filed.

### **State and Local Government Contacts**

Counties	Information Technology	Judicial
Municipalities	Revenue	