



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1190: ALCOHOL BEVERAGE MANUFACTURER SALES

Prime Sponsors:

Rep. Soper; Martinez
Sen. Lindstedt

Fiscal Analyst:

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Published for: House Business Affairs & Labor**Drafting number:** LLS 26-0067**Version:** Initial Fiscal Note**Date:** March 9, 2026**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill allows certain alcoholic beverage license holders to apply for an expanded sales room permit and authorizes vintners and distillery pub licensees to conduct additional sales.

Types of impacts. The bill is projected to affect the following areas beginning in FY 2026-27:

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. For FY 2026-27, the bill requires an appropriation of \$170,399 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$198,979	\$195,566
State Expenditures	\$198,979	\$195,566
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$198,979	\$195,566
Change in State FTE	1.5 FTE	1.5 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$198,979	\$195,566
Total Revenue	\$198,979	\$195,566

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$170,399	\$166,681
Federal Funds	\$0	\$0
Centrally Appropriated	\$28,580	\$28,885
Total Expenditures	\$198,979	\$195,566
Total FTE	1.5 FTE	1.5 FTE

Summary of Legislation

The bill creates an expanded sales room permit and authorizes vintners and distillery pub licensees to conduct additional sales, as outlined below.

Expanded Sales Rooms

The bill allows the Liquor Enforcement Division (LED) within the Department of Revenue to issue an expanded sales room permit to any alcoholic beverage business that has a manufacturer's license, limited winery license, or a wholesalers license. Permit holders may operate a restaurant in their sales room and sell alcohol both of their own manufacture and craft alcohol that they did not manufacture. Alcohol that the permit holder did not manufacture must be less than 50 percent of total alcohol sales. Permit holders must have sandwiches and light snacks available for consumption in the sales room. The LED may determine rules and fees for an expanded sales room permit application.

Winery Club Shipments

The bill allows businesses that have a vintner's restaurant license to ship wine manufactured on their premises directly to consumers who are part of a winery club. Winery club members must provide certain information to the vintner's restaurant, which the restaurant must retain, in addition to verifying the age of winery club members.

Increased Sales Limits for Distillery Pubs

Under current law, distillery pubs may sell 2,700 liters per calendar year at wholesale. The bill increases this limit to 8,100 liters per year.

Background and Assumptions

For more information on liquor licensing in Colorado, see the [LCS Colorado Liquor Licensing Handbook](#). There are currently 424 sales room licenses that would be eligible to apply for the expanded sales room permit. The fiscal note estimates that 80 percent, or 339 businesses, will apply for the expanded license.

State Revenue

The bill will increase state fee revenue to the LED Cash Fund by about \$199,000 beginning in FY 2026-27 and ongoing. The LED will adjust its fee structures to cover the increased expenditures to implement the bill, as outlined in the State Expenditures section. License fees are subject to TABOR.

Fee Impact on Liquor Licensees

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the DOR based on cash fund balance, program costs, and the number of licenses and permits subject to the fee. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Liquor Licensees

Type of Fee, Fiscal Year	Estimated Fee	Number Affected	Total Fee Impact
Expanded Sales Room Permit, FY 2026-27	\$499	339	\$198,979
Expanded Sales Room Permit, FY 2027-28	\$490	339	\$195,566

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$199,000 in FY 2026-27 and \$196,000 in FY 2027-28 and ongoing. These costs, paid from the LED Cash Fund, are summarized in Table 3 and discussed below.

Table 3
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$104,609	\$107,891
Operating Expenses	\$1,664	\$1,664
Capital Outlay Costs	\$7,000	\$0
Legal Services	\$51,926	\$51,926
Compliance Checks	\$5,200	\$5,200
Centrally Appropriated Costs	\$28,580	\$28,885
FTE – Personal Services	1.3 FTE	1.3 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE
Total Costs	\$198,979	\$195,566
Total FTE	1.5 FTE	1.5 FTE

Department of Revenue

Staff

Beginning in FY 2026-27, the LED requires one-time 0.2 FTE Administrator and ongoing 1.3 FTE Criminal Investigator to implement the bill. Staff will establish and process the new permits, implement the direct-to-consumer shipping of wine, develop applications, and investigate businesses to ensure compliance with the bill's requirements. Applications are estimated to take 1.5 hours to review for each of the 339 new permittees, totaling 508 hours for the Administrator, and also require approximately 2,800 hours for compliance monitoring from criminal investigators. Costs are prorated to assume a September 2026 start date and standard capital outlay and operating costs are included.

Legal Services

The Department of Revenue will require approximately 375 hours of legal services annually, or 0.2 FTE, for additional hearings and case defense related to wine clubs and expanded sales rooms. The fiscal note estimates five cases annually will go to hearing related to wine clubs or expanded sales rooms, which require 75 hours per case.

Compliance Checks

The LED will employ undercover minor operatives to purchase wine from vintner's restaurants to ensure compliance. These operatives will check approximately 26 businesses annually with expenses of \$200 per compliance check, resulting in total expenditures of \$5,200.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts listed in Table 1. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$170,339 from the Liquor Enforcement Division Cash Fund to the Department of Revenue, and 1.3 FTE. Of this amount, \$51,926 is reappropriated to the Department of Law for legal services, with an additional 0.2 FTE.

State and Local Government Contacts

Counties

Municipalities

Judicial

Revenue

Law