



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1271: ALCOHOL IMPACT & RECOVERY ENTERPRISES

Prime Sponsors:

Rep. Jackson; Bacon
Sen. Amabile; Jodeh

Fiscal Analyst:

Brendan Fung, 303-866-4781
Emily Dohrman, 303-866-3687

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Summary Information

Overview. The bill creates three enterprises that collect fees on alcohol products to fund a range of programs and services that address the health impacts of alcohol use.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds

Appropriations. For FY 2026-27, the bill requires an appropriation of \$125,110 to the Department of Revenue. The enterprise funds created in the bill are continuously appropriated to the Behavioral Health Administration.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|-------------------------|---------------------------|------------------------|------------------------|--------------------------|
| State Revenue | \$0 | \$35,543,500 | \$29,170,677 | \$31,575,279 |
| State Expenditures | \$1,950,000 | \$34,516,417 | \$28,134,894 | \$31,575,279 |
| Transferred Funds | \$1,950,000 | \$1,035,782 | \$1,035,782 | \$0 |
| Change in TABOR Refunds | \$0 | \$8,700 | not estimated | not estimated |
| Change in State FTE | 3.2 FTE | 6.3 FTE | 6.3 FTE | 6.3 FTE |

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

**Table 1A
 State Revenue**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|----------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Cash Funds | \$0 | \$35,543,500 | \$29,170,677 | \$31,575,279 |
| Total Revenue | \$0 | \$35,543,500 | \$29,170,677 | \$31,575,279 |

**Table 1B
 State Expenditures**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---------------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| General Fund | \$125,110 | \$0 | \$0 | \$0 |
| Cash Funds | \$1,771,044 | \$34,370,767 | \$27,997,944 | \$31,438,328 |
| Federal Funds | \$0 | \$0 | \$0 | 0 |
| Centrally Appropriated | \$53,846 | \$136,951 | \$136,951 | \$136,951 |
| Total Expenditures | \$1,950,000 | \$34,507,718 | \$28,134,895 | \$31,575,279 |
| Total FTE | 3.2 FTE | 6.3 FTE | 6.3 FTE | 6.3 FTE |

**Table 1C
 State Transfers**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| General Fund | -\$1,950,000 | \$1,035,782 | \$1,035,782 | \$0 |
| Cash Funds | \$1,950,000 | -\$1,035,782 | -\$1,035,782 | \$0 |
| Net Transfer | \$0 | \$0 | \$0 | \$0 |

Summary of Legislation

The bill creates three enterprises in the Behavioral Health Administration (BHA) to fund a range of programs and services that aim to address the behavioral, physical, and mental health impacts of alcohol use.

Governance

The enterprises are governed by the Alcohol Impact and Recovery Board of Directors, who may adopt rules, make recommendations for the use of funds generated by the enterprises related to alcohol use and its statewide impacts, and review the enterprises' outcomes.

Fee Assessment

Starting July 1, 2027, the Department of Revenue (DOR) must assess fees on alcohol manufacturers or wholesale distributors, as follows:

- \$0.05 per gallon of beer, cider, and apple wine distributed in the state;
- \$0.35 per liter of spirits distributed in the state; and
- \$0.07 per liter of wine distributed in the state.

The enterprises are authorized to recommend fee adjustments to the General Assembly and may increase or decrease the fee with legislative approval.

Fee revenue remitted to the DOR is deposited into the newly created Alcohol Impact and Recovery Enterprises Fee Collection Fund, which the State Treasurer must then credit to the corresponding enterprise.

Beer, Cider, and Apple Wine Impact and Recovery Enterprise

The Beer, Cider, and Apple Wine Impact and Recovery Enterprise is created to fund public awareness and prevention campaigns, programs that prevent driving under the influence, and community outreach services conducted by providers in the BHA's provider network. Fees assessed on beer, cider, and apple wine manufacturers or wholesale distributors are credited to the newly created Beer, Cider, and Apple Wine Impact and Recovery Enterprise Fund, which is continuously appropriated to the enterprise for these purposes.

On September 1, 2026, the bill requires the State Treasurer to transfer \$650,000 from the General Fund to the Beer, Cider, and Apple Wine Impact and Recovery Enterprise Fund to cover initial costs of the enterprise.

Spirits Impact and Recovery Enterprise

The Spirits Impact and Recovery Enterprise is created to fund technical assistance services to alcohol manufacturers and wholesale distributors, and treatment programs conducted by providers in the BHA's provider network. Fees assessed on spirits manufacturers or wholesale distributors are credited to the newly created Spirits Impact and Recovery Enterprise Fund, which is continuously appropriated to the enterprise for these purposes.

On September 1, 2026, the bill requires the State Treasurer to transfer \$650,000 from the General Fund to the Spirits Impact and Recovery Enterprise Fund to cover initial costs of the enterprise.

Wine Impact and Recovery Enterprise

The Wine Impact and Recovery Enterprise is created to fund alcohol impact data collection and reporting, and access to integrated behavioral health and recovery services facilitated by providers in BHA's provider network. Fees assessed on wine manufacturers and wholesale distributors are credited to the newly created Wine Impact and Recovery Enterprise Fund, which is continuously appropriated to the enterprise for these purposes.

On September 1, 2026, the bill requires the State Treasurer to transfer \$650,000 from the General Fund to the Wine Impact and Recovery Enterprise Fund to cover initial costs of the enterprise.

Reporting

By January 15, 2028, and each year thereafter, alcohol manufacturers and wholesale distributors must submit a report to the enterprises that includes information determined by each enterprise.

By February 1, 2029, and each year thereafter, the board of directors must submit a report to the General Assembly, including information pertaining to the programs' outcomes and the reports submitted by the manufacturers and wholesale distributors.

In FY 2032-33 and every four years thereafter, the Office of the State Auditor must conduct an audit of the enterprises, which is funded by enterprise revenue, and submit a report of its findings to the General Assembly.

Background and Assumptions

Proposition 117, approved by voters in 2020, requires voter approval for a state enterprise to be created if its projected or actual revenue exceeds \$100 million in its first five fiscal years. State law requires that an enterprise stop collecting fees or surcharges if the collection of additional fees or surcharges would cause it to exceed this limit, and voters have not previously approved such collections.

Based on the LCS December 2025 forecast, the Spirits Impact and Recovery Enterprise is expected to surpass the \$100 million cap by FY 2031-32. The bill does not include an exemption for this enterprise, nor does it require the fee to be adjusted to remain under this limit. The fiscal note assumes that the spirit fee will be reduced from \$0.35 to \$0.25 per liter beginning in FY 2028-29 such that the enterprise will not collect more than \$100 million over its first five years.

State Revenue

The bill increases revenue to the new enterprises by about \$35.5 million in FY 2027-28, \$29.2 million in FY 2028-29, and an increasing amount in future years, as shown in Table 2 below.

**Table 2
 State Revenue
 All Enterprises**

| Enterprise | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|--|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Beer, Cider, and Apple Wine Impact and Recovery Enterprise | \$0 | \$6,145,844 | \$6,268,760 | \$6,785,508 |
| Spirits Impact and Recovery Enterprise | \$0 | \$24,306,790 | \$17,709,233 | \$19,169,043 |
| Wine Impact and Recovery Enterprise | \$0 | \$5,090,866 | \$5,192,684 | \$5,620,728 |
| Total Revenue Collected | \$0 | \$35,543,500 | \$29,170,677 | \$31,575,279 |

Beer, Cider, and Apple Wine Impact and Recovery Enterprise

Beginning in FY 2027-28, the DOR will collect over \$6 million per year on behalf of the Beer, Cider, and Apple Wine Impact and Recovery Enterprise, as shown in Table 2A below. This estimate assumes that the \$0.05 fee set by the bill will remain unchanged in future years. Of this amount, DOR is expected to retain \$2,900 to cover administrative costs, which is subject to TABOR. However, the remaining funds credited to the enterprise are not subject to TABOR.

Table 2A
State Revenue – Beer, Cider, and Apple Wine Impact and Recovery Enterprise

| Enterprise | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Beer, Cider, and Apple Wine Fee | \$0 | \$0.05 | \$0.05 | \$0.05 |
| Estimated Units (Gallons) | 0 | 122,916,872 | 125,375,210 | 135,710,159 |
| Total Revenue Collected | \$0 | \$6,145,844 | \$6,268,760 | \$6,785,508 |
| Retained By DOR | \$0 | -\$2,900 | -\$2,900 | -\$2,900 |
| Total Funds Credited to Enterprise | \$0 | \$6,142,944 | \$6,265,860 | \$6,782,608 |

Spirits Impact and Recovery Enterprise

Initially, in FY 2027-28, the DOR will collect about \$24.3 million on behalf of the Spirits Impact and Recovery Enterprise, as shown in Table 2B below. Beginning in FY 2028-29, DOR will collect under \$20 million per year assuming that the fee is reduced from \$0.35 to \$0.25, as discussed in the Background and Assumptions section above. Of this amount, DOR is expected to retain \$2,900 to cover administrative costs, which is subject to TABOR. However, the remaining funds credited to the enterprise are not subject to TABOR.

Table 2B
State Revenue – Spirits Impact and Recovery Enterprise

| Enterprise | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Spirits Fee | \$0 | \$0.35 | \$0.25 | \$0.25 |
| Estimated Units (Liters) | 0 | 69,447,970 | 70,836,930 | 76,676,171 |
| Total Revenue Collected | \$0 | \$24,306,790 | \$17,709,233 | \$19,169,043 |
| Retained By DOR | \$0 | -\$2,900 | -\$2,900 | -\$2,900 |
| Total Funds Credited to Enterprise | \$0 | \$24,303,890 | \$17,706,333 | \$19,166,143 |

Wine Impact and Recovery Enterprise

Beginning in FY 2027-28, the DOR will collect over \$5 million per year on behalf of the Wine Impact and Recovery Enterprise, as shown in Table 2C below. This estimate assumes that the \$0.07 fee set by the bill will remain unchanged in future years. Of this amount, DOR is expected to retain \$2,900 to cover administrative costs, which is subject to TABOR. However, the remaining funds credited to the enterprise are not subject to TABOR.

Table 2C
State Revenue – Wine Impact and Recovery Enterprise

| Enterprise | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Wine Fee | \$0 | \$0.07 | \$0.07 | \$0.07 |
| Estimated Units (Liters) | 0 | 72,726,663 | 74,181,196 | 80,296,112 |
| Total Revenue Collected | \$0 | \$5,090,866 | \$5,192,684 | \$5,620,728 |
| Retained By DOR | \$0 | -\$2,900 | -\$2,900 | -\$2,900 |
| Total Funds Credited to Enterprise | \$0 | \$5,087,966 | \$5,189,784 | \$5,617,828 |

State Transfers

The bill requires the following one-time transfers from the General Fund totaling \$1.95 million in FY 2026-27:

- \$650,000 to the Beer, Cider, and Apple Wine Impact and Recovery Enterprise Fund;
- \$650,000 to the Spirits Impact and Recovery Enterprise Fund; and
- \$650,000 to the Wine Impact and Recovery Enterprise Fund.

These transfers are loans to the enterprises and must be repaid with interest to the General Fund by July 1, 2029. The fiscal note assumes that the loan will be repaid in equal installments in FY 2027-28 and FY 2028-29 with an interest rate of approximately 4.1 percent; therefore, loan repayment is expected to be approximately \$345,000 per year per enterprise.

State Expenditures

The bill increases state expenditures by \$2.0 million in FY 2026-27, \$34.5 million in FY 2027-28, \$28.1 million in FY 2028-29, and an increasing amount each year thereafter. These costs, paid from the General Fund and enterprise cash funds, will be incurred in the Behavioral Health Administration and the Department of Revenue (DOR). Costs will also increase in future years for the Office of the State Auditor to conduct required audits.

Table 3
State Expenditures – All Departments

| Department | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Behavioral Health Administration | \$1,824,890 | \$34,499,017 | \$28,126,194 | \$31,316,579 |
| Department of Revenue | \$125,110 | \$8,700 | \$8,700 | \$8,700 |
| Office of the State Auditor | \$0 | \$0 | \$0 | \$250,000 |
| Total Costs | \$1,950,000 | \$34,507,717 | \$28,134,894 | \$31,575,279 |

Behavioral Health Administration

The bill increases expenditures in the BHA to establish and administer the enterprises, collect fees, and distribute funds to applicable programs.

**Table 3A
 State Expenditures
 Behavioral Health Administration**

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|------------------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Personal Services | \$204,763 | \$537,017 | \$537,017 | \$537,017 |
| Operating Expenses | \$3,072 | \$7,680 | \$7,680 | \$7,680 |
| Capital Outlay Costs | \$21,000 | \$21,000 | \$0 | \$0 |
| Legal Services | \$186,935 | \$62,312 | \$62,312 | \$62,312 |
| Meeting Costs | \$9,600 | \$12,800 | \$12,800 | \$12,800 |
| Programs and Grants | \$1,345,674 | \$33,721,257 | \$27,369,434 | \$30,559,819 |
| Centrally Appropriated Costs | \$53,846 | \$136,951 | \$136,951 | \$136,951 |
| FTE – Personal Services | 2.4 FTE | 6.0 FTE | 6.0 FTE | 6.0 FTE |
| FTE – Legal Services | 0.8 FTE | 0.3 FTE | 0.3 FTE | 0.3 FTE |
| Total Costs | \$1,824,890 | \$34,499,017 | \$28,126,194 | \$31,316,579 |
| Total FTE | 3.2 FTE | 6.3 FTE | 6.3 FTE | 6.3 FTE |

Staff

In FY 2026-27, the BHA requires 3.0 FTE Program Management II, Marketing and Communications Specialist IV, and Grants Specialist III to oversee and participate in the enterprise board, develop and coordinate programs, and establish fund distribution processes and criteria. Staff FTE and costs are prorated in the first year based on the bill’s effective date.

Beginning in FY 2027-28, the BHA requires an additional 3.0 FTE Accountant III to manage revenue collection and reconciliation, maintain audit documentation, and perform accounting functions for each enterprise.

Meeting Costs

The BHA requires funds to host the enterprise board and reimburse members for four meeting per year. This estimate includes reimbursement costs of \$200 per meeting for 11 members, and standard operating costs of \$1,000 per meeting.

Programs and Grants

After accounting for loan repayment and administrative costs, the enterprises will have about \$1.3 million for programmatic funding disbursements in FY 2026-27, \$33.7 million in FY 2027-28, and \$27.4 million in FY 2028-29, with an increasing amount in future years. The fiscal note assumes that each enterprise will disburse funding based on the proportion of fee revenue attributable to that enterprise. The bill does not require funds to be disbursed within a specific timeframe; therefore, expenditures for programs and grants could be greater or less each year.

Legal Services

The BHA requires 1,350 hours of legal services in FY 2026-27 and 450 hours in future years for rulemaking, program implementation, and ongoing support. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

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 the table above.

Department of Revenue

The DOR requires computer programming and data reporting costs to implement the bill. Costs in FY 2026-27 are paid from the General Fund, while ongoing costs are paid from fee revenue collected for the enterprises.

**Table 3B
 State Expenditures
 Department of Revenue**

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 | Audit Year FY 2032-33 |
|---------------------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| GenTax Programming | \$97,275 | \$0 | \$0 | \$0 |
| Office of Research and Analysis | \$8,778 | \$8,700 | \$8,700 | \$8,700 |
| User Acceptance Testing | \$14,145 | \$0 | \$0 | \$0 |
| Document Management | \$4,912 | \$0 | \$0 | \$0 |
| Total Costs | \$125,110 | \$8,700 | \$8,700 | \$8,700 |

Computer Programming and Testing

This bill requires one-time expenditures of \$111,420 in FY 2026-27 to program, test, and update database fields in the DOR's GenTax software system. Programming costs are estimated at \$68,861 representing 282 hours of contract programming at a rate of \$244.19 per hour. Costs for system testing include \$28,413 for 693 hours of innovation, strategy, and delivery programming support and \$14,145 for 345 hours of user acceptance testing, both at a rate of \$41 per hour.

Research and Analysis

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. The Office of Research and Analysis within DOR will expend \$8,778 in FY 2026-27 and \$8,700 in FY 2027-28 and ongoing, representing about 230 hours at a rate of \$38 per hour.

Document Management

For FY 2026-27, the DOR will incur \$4,912 in document management costs. This includes updates to the alcohol beverages tax return form for an estimated 10 percent of the 908 total filers. These expenditures will occur in the Department of Personnel and Administration (DPA) using reappropriated funds from the DOR.

Office of the State Auditor

In FY 2032-33 and every four years thereafter, the Office of the State Auditor (OSA) requires an estimated \$250,000 to conduct an audit on each enterprise. These costs assume that the OSA will contract with an audit firm to conduct three audits at a rate of about \$83,000 each. Actual cost will be determined through the procurement process, and will be paid from the respective enterprise cash fund, reappropriated to the OSA.

Governor's Office

Workload will increase in the Governor's Office of Boards and Commissions to make the required appointments under the bill, including recruiting, vetting, and interviewing potential appointees, and following the appointment through the Senate confirmation process. Based on the cumulative impact of all legislation, the Governor's Office may seek funding through the annual budget process, as necessary.

Cash Fund Creation—Departments of Personnel and Treasury

Workload will increase for the Departments of Personnel and Administration (DPA) and Treasury to manage and perform accounting for the cash funds created in the bill. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$8,700 in FY 2027-28. 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 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 a General Fund appropriation of \$125,110 to the Department of Revenue, of which \$4,912 is reappropriated to the Department of Personnel and Administration.

State and Local Government Contacts

| | |
|----------------------------------|---------------|
| Behavioral Health Administration | Revenue |
| Boards and Commissions | State Auditor |
| Human Services | Treasury |
| Law | |

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).