



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-094: ALTERNATING PREMISES LICENSED PREMISES ALCOHOL

Prime Sponsors:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates a license for alcoholic beverage manufacturers to make alcoholic beverages on behalf of another manufacturer.

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

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$156,154 to the Department of Revenue.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$174,640	\$235,965	\$173,653
State Expenditures	\$174,640	\$235,965	\$173,653
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$174,640	\$235,965	Not estimated
Change in State FTE	1.1 FTE	1.8 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	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$174,640	\$235,965	\$173,653
Total Revenue	\$174,640	\$235,965	\$173,653

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$156,154	\$0	\$0
Cash Funds	\$0	\$201,452	\$139,140
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$18,486	\$34,513	\$34,513
Total Expenditures	\$174,640	\$235,965	\$173,653
Total FTE	1.1 FTE	1.8 FTE	1.5 FTE

Summary of Legislation

Under current law, beer and wine manufacturers may obtain an alternating proprietor license, which allows two licensed manufacturers to share a space for wine and beer production. The bill allows spirits manufacturers to obtain this alternating proprietor license, in addition to wine and beer.

The bill creates a new “alternating premises license” which is available to holders of the following liquor licenses:

- manufacturer’s license;
- limited winery license;
- brew pub license;
- vintner’s restaurant license; and,
- distillery pub license.

The alternating premises license allows the licensees listed above to manufacture and store alcoholic beverages on behalf of another licensee. The facility used to manufacture and store alcoholic beverages on behalf of another licensee must be adjacent to the licensed premises. Alternating premises license holders may not sell beverages for retail purchase in the adjacent premises, but they may sell them at wholesale.

Assumptions

Of the 707 eligible licensees, approximately 78 are geographically adjacent. Assuming 80 percent of these licensees seek an Alternating Premises Licensed Premises, the DOR will process 63 new license applications per year. The alternating premises model has federal restrictions requiring each licensee to submit a contract for review, create a security plan for review, allow an on-site walk through, and maintain a log book of alternating use in addition to current recordkeeping. Due to these federal restrictions, additional rulemaking hours are required initially.

State Revenue

The bill will increase state fee revenue to the LED Cash Fund by about \$175,000 in FY 2026-27, \$236,000 in FY 2027-28, and \$174,000 ongoing. The LED will adjust its licensing fee structures to cover the increased expenditures to implement the bill, as outlined in the State Expenditures section. License fee revenue is are subject to TABOR.

Fee Impact on Alternating Premises 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 entities that apply for licensure. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Alternating Premises Licensees

Fiscal Year	Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
FY 2026-27	Alternating Premises License	\$2,772	63	\$174,640
FY 2027-28	Alternative Premises License	\$3,745	63	\$235,965
FY 2028-29	Alternative Premises License	\$2,756	63	\$173,653

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$175,000 in FY 2026-27, \$236,000 in FY 2027-28, and \$174,000 ongoing. First-year costs are assumed to be paid from the General Fund, due to an insufficient LED Cash Fund balance until the fee revenue is collected. Costs are paid from the LED Cash Fund in FY 2027-28 and future years once adequate fee revenue is collected. Expenditures are shown 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	Out Year FY 2028-29
Personal Services	\$74,033	\$137,220	\$137,220
Operating Expenses	\$1,024	\$1,920	\$1,920
Capital Outlay Costs	\$14,000	\$0	\$0
Legal Services	\$62,312	\$62,312	\$0
Document Updates	\$4,786	\$0	\$0
Centrally Appropriated Costs	\$18,486	\$34,513	\$34,513
FTE – Personal Services	0.8 FTE	1.5 FTE	1.5 FTE
FTE – Legal Services	0.3 FTE	0.3 FTE	0.0 FTE
Total Costs	\$174,640	\$235,965	\$173,653
Total FTE	1.1 FTE	1.8 FTE	1.5 FTE

Department of Revenue

Staff

LED will require 1.0 FTE Criminal Investigator and 0.5 FTE Contract Administrator to implement the bill. The Criminal Investigator will conduct annual inspections of alternating premises licensees, investigate complaints, ensure security plans for the new facilities are adequate and inspect books and records as appropriate, totaling 2,194 hours annually or 1.0 FTE. The Contract Administrator will process new applications and renewals for alternating premises licenses and review contracts between licensees, totaling 1080 hours annually or 0.5 FTE. . Costs are prorated in FY 2026-27 to assume a January 2027 start date and standard capital outlay and operating costs are included.

Legal Services

The LED requires approximately 450 hours of legal services, or 0.3 FTE in FY 2026-27 and FY 2027-28 only to conduct rulemaking for alternating premises licenses. Legal services hours are provided by the Department of Law at a rate of \$138.47 per hour. Rulemaking will factor in federal rules and guidance to avoid preemption and to address statutory prohibitions on holding interests in other types of licenses.

Document Updates

Paper forms for license applications will need to be updated in FY 2026-27. This cost is estimated at \$4,786, based on previous form updates and are reappropriated to the Department of Personnel and Administration.

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 3 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts 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.

Local Government

Similar to the state, counties and municipalities that issue liquor licenses may see an increase in revenue based on the new license type.

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 \$156,154 to the Department of Revenue, and 0.8 FTE. Of this amount, \$4,786 is reappropriated to the Department of Personnel and Administration and \$62,312 and an additional 0.3 FTE is reappropriated to the Department of Law.

State and Local Government Contacts

Counties

Municipalities

Information Technology

Personnel

Judicial

Public Safety

Law

Revenue

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](#).