



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-114: SPIRITUOUS LIQUOR MFR SALES ROOMS & OTHER ALCOHOL

Prime Sponsors:

Sen. Marchman; Bright
Rep. Titone; Soper

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee.

Summary Information

Overview. The bill allows spirits manufacturers to operate up to two other sales rooms, and creates a new permit which allows them to serve and sell alcoholic beverages acquired from wholesalers at sales rooms.

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

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

Appropriations. For FY 2026-27, the bill requires an appropriation of \$27,020 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	\$33,686	\$33,686
State Expenditures	\$33,686	\$33,686
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$33,686	\$33,686
Change in State FTE	0.3 FTE	0.3 FTE

Fund sources for these impacts are identified 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	\$33,686	\$33,686
Total Revenue	\$33,686	\$33,686

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$27,020	\$27,020
Federal Funds	\$0	\$0
Centrally Appropriated	\$6,666	\$6,666
Total Expenditures	\$33,686	\$33,686
Total FTE	0.3 FTE	0.3 FTE

Summary of Legislation

Under current law, spirits manufacturers may operate a sales room on their licensed premises and one other location to sell spirits that they manufactured. The bill allows spirits manufacturers to operate up to two sales rooms, and allows these manufacturers to apply to a local licensing authority for a new permit which allows them to serve and sell alcoholic beverages acquired from wholesalers at sales rooms. Upon approval of the local licensing authority, the licensee may apply for the state permit.

These new permit holders may not derive more than 50 percent of their gross revenue from sales of alcoholic beverages from beverages that they do not manufacture, and must serve sandwiches and light snacks at the sales rooms.

The license fee for local licensing authorities to allow manufacturers to sell alcoholic beverages acquired at wholesale is \$500. The application fee cannot exceed \$1,000 for an initial application and cannot exceed \$100 for a renewal.

Assumptions

The fiscal note assumes that half of the 100 existing spirits manufacturers will operate an additional sales room.

State Revenue

The bill will increase state revenue from liquor license application fees and renewals by about \$33,000 per year beginning in FY 2026-27. The LED in the Department of Revenue is expected to 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. Additional revenue will be credited to the Liquor Enforcement Division Cash Fund.

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$34,000 per year beginning in FY 2026-27. These costs, paid from the Liquor Enforcement Division Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$24,898	\$24,898
Operating Expenses	\$384	\$384
Minor Operatives	\$1,738	\$1,738
Centrally Appropriated Costs	\$6,666	\$6,666
Total Costs	\$33,686	\$33,686
Total FTE	0.3 FTE	0.3 FTE

Department of Revenue

DOR requires staff and minor operatives to enforce rules regarding the sales limits and current regulations for an increased number of sales rooms.

Staff

LED requires 0.4 FTE Criminal Investigator in FY 2026-27, prorated to assume a September 2026 start date in FY 2026-27, to conduct enforcement activities at additional sales rooms, including

verification of the gross sales requirements, conducting background checks, and performing inspections. These impacts reduce to 0.3 FTE Criminal Investigator in FY 2027-28 and ongoing once initial inspections and application reviews are complete.

Minor Operatives

DOR requires 79 hours in FY 2026-27 and ongoing for minor operatives, at a cost of \$22 per hour, to assist with compliance checks for the new sales rooms to ensure alcohol is not being sold to minors.

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 about \$33,000 per year. This estimate assumes the March 2026 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

The bill will increase revenue and expenditures to local governments through additional fees processed by local licensing authorities. Local licensing authorities may have increased workload to file responses to permit applications for additional sales rooms. This additional workload will vary by jurisdiction depending on whether or not responses to sales room permit applications are filed.

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 \$27,020 from the Liquor Enforcement Division Cash Fund to the Department of Revenue, and 0.3 FTE.

Departmental Difference

The Department of Revenue estimates that the bill requires revenue and expenditures of \$49,085 in FY 2026-27 and \$42,085 in FY 2027-28 and ongoing. This estimate assumes that 60 percent of current spirits manufacturers will open an additional sales room under the bill.

The fiscal note differs from this estimate by assuming that 50 percent of spirits manufacturers will open an additional sales room, which reduces staff costs.

State and Local Government Contacts

Counties

Revenue

Municipalities

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](#).