



Legislative
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SB 18-079

REVISED FISCAL NOTE

(replaces fiscal note dated January 23, 2018)

Drafting Number: LLS 18-0261
Prime Sponsors: Sen. Guzman
Rep. Pabon

Date: February 22, 2018
Bill Status: House Business
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Bill Topic: SAKE VINOUS LIQUOR CO LIQUOR CODE

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 reengrossed bill.

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 takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Information Technology	Judicial
Municipalities	Revenue	