



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**SB 18-138**

# FINAL FISCAL NOTE

<b>Drafting Number:</b>	LLS 18-0824	<b>Date:</b>	June 14, 2018
<b>Prime Sponsors:</b>	Sen. Gardner; Kerr Rep. Gray; Liston	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** TRANSFER ALCOHOL FROM SURRENDERED LICENSE

**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 allows the sale of alcohol inventory between specified liquor licensees in certain circumstances. The bill increases state workload in FY 2018-19 only.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the enacted bill.

## Summary of Legislation

Under current law, alcohol cannot be transferred between two liquor licensees, and entities licensed for off-premises consumption generally must purchase alcohol from a wholesaler, with a few exceptions. The bill allows certain licensees to purchase alcohol inventory from a licensee whose license has been surrendered or revoked, or who has lost legal possession of the licensed premises. In order for the alcohol inventory to be sold, there must be common ownership between the seller and purchaser, and the seller must:

- have surrendered its license, had it revoked, or lost legal possession of the premises within the last 60 days;
- return to the wholesaler all alcohol beverages that the seller purchased on credit;
- first offer the wholesaler a 30-day option to repurchase any alcohol initially sold by the wholesaler;
- possess proof that all alcohol purchased from wholesalers has been paid in full; and
- sell the alcohol inventory for only one licensed premises.

The bill defines common ownership to mean at least a 10 percent ownership interest in both the seller and the purchaser's business, at the time the license is surrendered or revoked, or legal possession of the premises is lost. The seller may deliver the alcohol to the purchaser, and the licensee that purchases the alcohol must retain evidence of the purchase. The bill does not apply if the seller is selling the business, transferring the license to a new owner, or relocating the licensed premises. The state licensing authority may not promulgate rules regulating the price of the inventory.

**Background**

The bill applies to the following license types and number of licensed entities as of January 2, 2018:

- beer and wine license (696);
- hotel and restaurant license (5,158);
- tavern license (1,272);
- retail gaming tavern license (18);
- brewpub license (149);
- club license (164);
- arts license (57);
- racetrack license (3);
- vintner's restaurant (8);
- distillery pub (4); and
- lodging and entertainment facility license (182).

**State Expenditures**

In FY 2018-19 only, the bill increases the workload for the Liquor Enforcement Division in the Department of Revenue by a minimal amount to conduct rulemaking related to the sale of alcohol between licensees. Legal services for rulemaking are provided by the Department of Law. The one-time rulemaking is expected to be accomplished with DOR's current allotment of legal services; no change in appropriations is required.

**Effective Date**

The bill was signed into law by the Governor on April 2, 2018 and takes effect on August 8, 2018, assuming no referendum petition is filed.

**State and Local Government Contacts**

Counties	Judicial	Law
Municipalities	Revenue	