



Legislative
Council Staff

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FISCAL NOTE

Drafting Number: LLS 20-0208
Prime Sponsors: Sen. Bridges

Date: February 3, 2020
Bill Status: Senate Business
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Bill Topic: **RETAIL LIQUOR STORES ADDITIONAL LICENSES**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows retail liquor stores to obtain additional locations. The bill increases state revenue and workload on an ongoing basis.

Appropriation Summary: No appropriation required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 20-053

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	\$6,250	\$6,500
	General Fund	(\$250)	-
	Old Age Pension Fund	(\$808)	-
	Total	\$5,192	\$6,500
Expenditures		-	-
Transfers		-	-
TABOR Refund	General Fund	\$5,192	\$6,500

Summary of Legislation

Under current law, retail liquor stores licensed prior to January 1, 2016, and owned by a Colorado resident may obtain additional locations based on a schedule set in statute. The additional locations may not be within 1,500 feet of another retail liquor store or liquor-licensed drugstore, or within 3,000 feet in a municipality with a population of under 10,000 that is not contiguous to the city and county of Denver.

The bill removes the requirement that owners of eligible retail liquor stores licensees be Colorado residents in order to obtain additional licenses, and modifies the schedule in statute to align it with the allowable number of liquor-licensed drugstore locations, as listed in Table 2.

Table 2
Maximum Retail Liquor Stores Locations
Under Current Law & Under SB 20-053

Years	Current Law	SB 20-052
Ongoing	-	2*
Until Dec. 31, 2021	2	5**
Jan. 1, 2022 - Dec. 31, 2026	3	8
Jan. 1, 2027 - Dec. 31, 2031	4	13
Jan. 1, 2032 - Dec. 31, 2036	4	20
Beginning Jan. 1, 2037	4	unlimited

* To obtain a second location, retail liquor stores do not need to merge and transfer existing licenses

** Beginning on the effective date of the bill

The bill also continues current law that allows a retail liquor to obtain a second location without merging or transferring existing licenses. To obtain additional locations, the bill requires that retail liquor stores meet the following requirements:

- abide by radius requirements in current law for additional retail liquor stores; and
- merge at least two existing retail liquor store licenses that were licensed prior to May 1, 2016, and transfer them into the new retail liquor store license.

If there are more than two existing licenses within the existing radius requirements of the proposed additional location, all retail liquor stores within that radius must be merged and transferred into the new license. If there is only one other license within the jurisdiction, the second merged license must be in the nearest jurisdiction.

The bill allows the state licensing authority to establish a fee for the merge and transfer of existing retail liquor store licenses, and caps the fee assessed by the local licensing authority for the merge and transfer at \$1,000.

In addition, the bill allows local licensing authorities to consider neighborhood and community needs and desires in approving the merger and transfer of existing licenses into new licenses; prohibits a retail liquor store from allowing customers to use a self-checkout without assistance from an employee; and requires that retail liquor stores maintain certification as a responsible alcohol vendor.

Background and Assumptions

As of January, 2019, there are 1,609 licensed retail liquor stores in Colorado. Based on the number of licensees, the growth in liquor-licensed drugstores after the schedule of and requirements for additional licenses were put in place in 2017, this fiscal note assumes that there will be five new retail liquor store licenses in FY 2020-21 and FY 2021-22. Assuming these new licensees each merge and transfer two existing licenses, there is a net decrease of five retail liquor store licenses in FY 2020-21 and no net change in FY 2021-22.

Under current law, liquor-licensed drugstores pay the licensing fee in statute, and the application fee set by the Department of Revenue for the merge and transfer of existing licenses. The current fee for a liquor-licensed drugstore to merge and transfer is \$1,300.

State Revenue

The bill increases state revenue by \$5,192 in FY 2020-21 and \$6,500 FY 2021-22. Revenue is from state and local liquor licensing fees and is split between the Liquor Enforcement Division Cash Fund, the General Fund, and the Old Age Pension Fund.

Fee impact on liquor licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual administrative fees will be set administratively by the Department of Revenue based on cash fund balance, program costs, and the number of licenses subject to the fee. The table below identifies the fee impact of this bill.

**Table 3
Fee Impact on Liquor Licensees**

Fiscal Year	Type of Fee	State Fee Revenue*	Number Affected	Total Fee Impact
FY 2020-21	New Retail Liquor Store License - City	\$1,527.50	3	\$4,583
	New Retail Liquor Store License - County	\$1,612.50	2	\$3,225
	Renewal Retail Liquor Store License - City	\$227.50	(6)	(\$1,365)
	Renewal Retail Liquor Store License - County	\$312.50	(4)	(\$1,250)
		FY 2020-21 Total		\$5,192
		<i>General Fund</i>		<i>(\$250)</i>
		<i>Old Age Pension Fund</i>		<i>(\$808)</i>
		<i>LED Cash Fund</i>		<i>\$6,250</i>
FY 2021-22	New Retail Liquor Store License - City	\$1,527.50	3	\$4,583
	New Retail Liquor Store License - County	\$1,612.50	2	\$3,225
	Renewal Retail Liquor Store License - City**	\$227.50	(3)	(\$683)
	Renewal Retail Liquor Store License - County**	\$312.50	(2)	(\$625)
		FY 2021-22 Total		\$6,500
		<i>General Fund</i>		<i>\$0</i>
		<i>Old Age Pension Fund</i>		<i>\$0</i>
		<i>LED Cash Fund</i>		<i>\$6,500</i>

* includes \$1,300 application fee, \$100 license fee, and a portion of the local licensing fee.

** includes the increase from new licenses and the decrease in merged licenses.

State Expenditures

The bill increases workload for the Liquor Enforcement Division in the Department of Revenue to conduct rulemaking and process applications for new retail liquor stores. Some of the workload will be offset on an ongoing basis by a decrease in the number of retail liquor store licenses, as at least two must be merged into each new license. The change in workload is expected to be minimal and no change in appropriations is required.

TABOR refunds. The bill is expected to increase state General Fund obligations for TABOR refunds by \$5,192 in FY 2020-21 and \$6,500 in FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Local Government

The bill impacts workload and revenue for local licensing authorities that receive applications for new retail liquor store licenses. Local licensing authorities are authorized to set a fee of up to \$1,000 for the merger and transfer of existing licenses into new retail liquor licenses, and receive 15 percent of the local licensing fees (\$22.50 for a city, \$37.50 for a county). The increase is expected to be minimal and will vary by jurisdiction.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Law	Municipalities
Public Safety	Revenue	