



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0557
Prime Sponsors: Sen. Liston
Rep. Geitner

Date: March 17, 2021
Bill Status: Senate Business
Fiscal Analyst: Anna Gerstle | 303-866-4375
Anna.Gerstle@state.co.us

Bill Topic: **BEER DELIVERY BY THIRD-PARTY SERVICES**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input 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 a fermented malt beverage retailer under 7,500 square feet to use a third party delivery service. The bill increases state revenue and expenditures and local government workload on an ongoing basis.

Appropriation Summary:

For FY 2021-22, the bill requires an appropriation of \$16,647 to the Department of Revenue.

Fiscal Note Status:

This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB21-086

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	\$19,188	\$19,188
	Total Revenue	\$19,188	\$19,188
Expenditures	Cash Funds	\$16,647	\$15,488
	Centrally Appropriated	\$2,792	\$3,056
	Total Expenditures	\$19,439	\$18,544
	Total FTE	0.2 FTE	0.2 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill allows a licensed fermented malt beverage (i.e. beer) off-premises retailer with a premises under 7,500 square feet to use a third-party service, rather than its own employees and vehicles, for delivery. The person making the delivery must be at least 21 years old.

Assumptions

The fiscal note assumes that eligible fermented malt beverage licensees will be required to obtain a delivery permit, as is currently required for retail liquor stores and liquor-licensed drugstores that deliver. There are currently 1,777 fermented malt beverage retailers licensed for off-premises consumption. It is assumed that 75 percent (1,333) of these would meet the bill's size requirements. Of those eligible licensees, the fiscal note assumes that 80 percent (1,066) will obtain a permit to allow a third party to deliver.

State Revenue

The bill increases state fee revenue to the Liquor Enforcement Division Cash Fund by \$19,188 beginning in FY 2021-22. Fee revenue is subject to TABOR.

Fee impact on permittees. 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 fees will be set administratively by the Liquor Enforcement Division based on cash fund balance, estimated program costs, and the estimated number of permits subject to the fee. The table below identifies the fee impact of this bill.

Table 2
Fee Impact on Permittees

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2021-22	Third Party Delivery Permit	\$18	1,066	\$19,188
FY 2022-23	Third Party Delivery Permit	\$18	1,066	\$19,188

State Expenditures

The bill increases state expenditures in the Department of Revenue by \$19,439 in FY 2020-21 and \$18,544 in FY 2021-22. Costs are from the Liquor Enforcement Division Cash Fund and are listed in Table 3 and discussed further below.

**Table 3
 Expenditures Under SB21-086**

	FY 2021-22	FY 2022-23
Department of Revenue		
Personal Services	\$8,747	\$11,663
Computer Programming	\$4,500	-
Delivery Compliance Checks	\$3,400	\$3,825
Centrally Appropriated Costs ¹	\$2,792	\$3,056
Total Cost	\$19,439	\$18,544
Total FTE	0.2 FTE	0.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staffing. The Liquor Enforcement Division requires 0.2 FTE to process permit applications for third-party delivery and conduct delivery compliance checks. Each application review requires 15 minutes, and each compliance check requires between one and three hours. Staffing costs are prorated for an October 1 start date.

Computer programming. The MyLo licensing system must be modified to accommodate the third-party delivery permit, at a one-time cost of \$4,500.

Delivery compliance checks. The fiscal note estimates that nine compliance operations will be conducted per year, covering 25 percent of permittees. Each operation checks 30 licensees and costs \$425, including a minor contractor, product, and delivery location. Compliance costs in FY 2021-22 are prorated for the October 1 start date.

Legal services. The division will require additional legal services to support rulemaking. The increase is expected to be minimal and can be accomplished through the department's current allotment of legal services from the Department of Law.

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 include employee insurance and supplemental employee retirement payments, are estimated to be \$2,792 in FY 2021-22 and \$3,056 in FY 2022-23.

TABOR refunds. Under the December 2020 Legislative Council Staff Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2021-22 or FY 2022-23, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

Local Government

The bill increases workload for local licensing authorities to ensure that the third-party delivery services abide by delivery requirements.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

In FY 2021-22, the bill requires an appropriation of \$16,647 from the Liquor Enforcement Division Cash Fund to the Department of Revenue, and 0.2 FTE.

State and Local Government Contacts

Counties	Law
Municipalities	Revenue