Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 25-033: PROHIBIT NEW LIQUOR-LICENSED DRUG STORES

Prime Sponsors:
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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill prohibits the issuance of new liquor licensed drugstore licenses and modifies the restrictions in place for currently issued licensees.

Types of impacts. The bill is projected to affect the following areas on a ongoing basis:

- State Revenue
- Minimal State Workload
- TABOR Refunds
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (Cash Funds)	-$5,480	-$26,030
State Expenditures	$0	$0
Transferred Funds	$0	$0
Change in TABOR Refunds	-$5,480	-$26,030
Change in State FTE	0.0 FTE	0.0 FTE

SB 25-033

Summary of Legislation

The bill prohibits state and local licensing authorities from issuing any new liquor-licensed drugstore (LLDS) licenses. Current LLDS licensees may still renew their license.

The bill also places certain restrictions on current LLDS licensees, including prohibiting:

- the licensee from changing their location or transferring their license unless the license is transferred to an independent pharmacist who does not possess an LLDS license;
- any tastings on LLDS premises; and,
- an LLDS licensee from having a financial interest in more than eight other LLDS licenses.

Background and Assumptions

LLDS licenses allow a limited number of pharmacies licensed by the State Board of Pharmacy to sell alcohol. Most holders of these licenses are large grocery stores that have a pharmacy on the premises. There are currently 36 LLDS licensees in the state that the fiscal note assumes will continue to renew their licenses, as allowed by current law and under the bill.

However, the bill prohibits new LLDS licenses, which is assumed to result in 4 less LLDS licenses issued in the remainder of FY 2025-26 after the effective date of the bill, 19 less LLDS licenses issued in FY 2026-27, and a similar trend ongoing.

State Revenue

The bill decreases state revenues to Department of Revenue by prohibiting new LLDS licenses from being issued that would have been allowable under current law, as outlined in the Background and Assumptions section and shown in Table 2. Current fees for a new LLDS license average to $1,370, paid to the Liquor Enforcement Division Cash Fund. License fees are subject to TABOR.

Table 2
State Revenue
Department of Revenue

Fiscal Year	Licenses Issued	Fee	Total Revenue
FY 2025-26	-4	$1,370	-$5,480
FY 2026-27	-19	$1,370	-$26,030

State Expenditures

Department of Revenue

Workload

The bill modifies workload for the Liquor Enforcement Division within the Department of Revenue in several ways. Workload will increase to update the division's rules and licensing materials, communicate with licensees regarding the licensing changes, and handle any additional violations related to compliance with the new LLDS requirements. Workload will also be reduced due to no longer processing any new LLDS applications. No change in appropriations is required.

Legal Services

The Department of Law will assist the division with rulemaking and bill enforcement. Due to the small number of LLDS licensees, these efforts are expected to be accomplished within the division's existing legal services appropriation. If legal challenges are brought as a result of the bill, additional resources may be sought through the annual budget process.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

Local Government

Similar to the state, counties that issue liquor licenses before they are referred to the Liquor Enforcement Division may see a decrease in fee revenues under the bill.

Effective Date

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

State and Local Government Contacts

Counties

Information Technology

Judicial

Revenue

Law

Municipalities

Public Safety

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.