



# Initiative 115

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Impact Statement

**Date:** June 3, 2022

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**LCS TITLE: SALES AND DELIVERY OF ALCOHOL BEVERAGES**

<b>Fiscal Impact Summary</b>		<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Revenue</b>	Cash Funds	\$35,000	\$105,000
	<b>Total</b>	<b>\$35,000</b>	<b>\$105,000</b>
<b>Expenditures</b>	Cash Funds	\$35,000	\$105,000
	<b>Total</b>	<b>\$35,000</b>	<b>\$105,000</b>

*Disclaimer. This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.*

## Summary of Measure

Under the measure, beginning March 1, 2023, the Colorado Beer Code is renamed the Colorado Beer and Wine Code. Fermented malt beverage retailer licenses are automatically converted to fermented malt beverage and wine retailer licenses on that date, without any further action by the state or local licensing authority or the licensee. On that date, these licensees may sell vinous liquors in addition to fermented malt beverages for off-premise consumption and may allow tastings on the licensed premises. Fermented malt beverage and wine retailer licenses are subject to the existing 500-foot distance requirements from retail liquor stores for the fermented malt beverage retailer licenses.

Additionally, the bill will allow alcohol delivery by third-party contractors as follows:

- Under current law, grocery stores, convenience stores, and liquor stores can deliver alcohol in sealed containers to customers as long as they use their own employees who are 21 years of age or older and use a company-owned vehicle, among other provisions. Under this measure, these retailers may contract with a third-party company to deliver alcohol to customers beginning on March 1, 2023, with no restrictions on the amount of alcohol delivered.
- Under current law, alcohol delivery by bars and restaurants is scheduled to repeal July 1, 2025. Under the measure, these establishments would be able to use a third-party to deliver alcohol, similar to retailers, with certain restrictions on the amount of alcohol delivered.
- Finally, the measure outlines processes that third-party alcohol delivery companies are required to follow, including requirements to obtain delivery permits, as well as training and safety provisions to follow.

## Background

The fermented malt beverage retailer license was expanded through Senate Bill 18-243 so that, beginning January 1, 2019, this license type allows grocery stores, convenience stores, and other similar retail stores that had been selling 3.2 beer to sell full-strength beer in sealed containers at an unlimited number of locations. SB 18-243 also allowed a limited number of grocery stores and other retail stores that have a licensed pharmacy to sell full-strength beer, wine, and spirits in sealed containers at up to eight individual store locations, increasing to 13 locations in 2027, 20 locations in 2032, and an unlimited number of locations in 2037. Retail liquor stores are allowed to sell full-strength beer, wine, and spirits in sealed containers at up to three individual store locations, increasing to four locations in 2027.

## State Revenue

The third-party delivery service permit will increase fee revenue to the Liquor Enforcement Division Cash Fund in the Department of Revenue beginning in the last four months of FY 2022-23 by an estimated \$105,000 per year, prorated to a four month impact in the first fiscal year. Applicants for permits must pay initial and renewal fees on a schedule to be determined by the department. Exact revenue to the state will depend on the number of applicants and the fee schedule set by the department. No revenue impact is anticipated from the automatic conversion of a liquor license type.

## Taxpayer Impact

The measure is not anticipated to significantly impact taxpayers.

## State Expenditures

Beginning in FY 2022-23, the bill increases costs in the Department of Revenue by an estimated \$105,000 and 1.2 FTE per year, paid from the Liquor Enforcement Division Cash Fund, prorated for four months in the first fiscal year. The department requires additional administrative and enforcement staff to process applications and conduct delivery compliance checks. Enforcement staff will require a vehicle lease and personnel equipment. The department's licensing system will be modified to include the new permit.

Workload in the Department of Revenue will also increase to update beer and wine-related licensing information. Since the measure expands an existing license type, any related impact on enforcement is expected to be minimal as the number of licensees will not change.

## Local Government

Any impact to local liquor licensing authorities is expected to be minimal, as the third-party delivery permit will be administered by the state licensing authority and the licensing change is automatic. To the extent that local jurisdictions increase enforcement, workload and costs may increase.

## **Effective Date**

If approved by voters at the 2022 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

## **State and Local Government Contacts**

Revenue

## **Other Sources Considered**

No proponents or interested persons submitted estimates for the fiscal impact summary.