

NO FISCAL IMPACT

Drafting Number: LLS 11-0876	Date: March 22, 2011
Prime Sponsor(s): Rep. Liston; Duran Sen. Cadman	Bill Status: House Economic & Business Development
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TITLE: CONCERNING THE REGULATION OF ALCOHOL BEVERAGES.

Summary of Legislation

Current law contains a separate category of licenses for establishments manufacturing or selling fermented malt beverages — beer with an alcohol content of 3.2 percent or less by weight, as distinguished from licenses that permit the manufacture or sale of other alcohol beverages with higher alcohol content — full-strength beer, wine, and spirits. Persons licensed under the *Colorado Beer Code* may manufacture or sell only 3.2 percent beer, while persons licensed under the *Colorado Liquor Code* may manufacture or sell only full-strength beer, wine and spirits.

The bill eliminates the maximum alcohol content of fermented malt beverages (3.2 percent beer), as defined under the Colorado Beer Code, thereby allowing persons licensed under the beer code to manufacture or sell full-strength beer. Also, the minimum alcohol content of malt liquor (full-strength beer), as defined under the Colorado Liquor Code, is reduced to 0.5 percent, thereby allowing persons licensed under the liquor code to manufacture or sell 3.2 percent beer.

An employee of a retailer licensed under the Colorado Beer Code who is at least 18 years of age but less than 21 years of age will be permitted to sell or dispense beer and check age identification of purchasers if the licensee can document that the employee has complied with server and seller training program requirements established by the director of the Liquor Enforcement Division in the Department of Revenue, or is supervised by a person who is on the premises and is at least 21 years of age.

If the General Assembly amends Article 46 (Colorado Beer Code) or 47 (Colorado Liquor Code), of Title 12, C.R.S. (as would occur in House Bill 11-1284), the bill allows the Liquor Enforcement Division to modify or repeal alcohol content testing rules. These rules are currently required as part of Senate Bill 10-083, which became law on August 11, 2010. The rules are designed to distinguish the alcohol content of all beer sold in the state. Finally, beer can only be sold at retail between the hours of 8 a.m. and 12 midnight.

The bill takes effect July 1, 2012, assuming that no referendum petition is filed.

Assessment

The bill is assessed as having no fiscal impact on state or local revenue or expenditures. While it is recognized that a certain amount of full-strength beer sales will shift from liquor stores to retailers that currently sell 3.2 percent beer, and that the trend in beer sales will move further away from 3.2 percent beer towards full-strength beer, no evidence exists to suggest that the aggregate amount of statewide beer sales will change.

Effect on State Revenue. The rate of excise tax and sales tax is the same for both 3.2 percent beer and full-strength beer. The bill allows for a change to the product mix and alcohol content of beers offered for sale at convenience stores and grocery stores. However, taxes collected on the overall volume of beer sold at all licensed outlets will not change significantly.

The bill will not affect state license fee revenue. Current license holders will continue to renew licenses in their current license category. Liquor stores will be licensed to sell all strengths of beer, wine, and liquor under the Colorado Liquor Code; and convenience stores and grocery stores will be licensed to sell all strengths of beer under the Colorado Beer Code.

Under the Colorado Liquor Code, the sale of full-strength beer, wine, and spirituous liquor within 500 feet of any public or parochial school or the principal campus of any college, university, or seminary is prohibited. However, the 500-foot proximity limitation does not pertain to establishments currently licensed under the Colorado Beer Code seeking renewal or re-issuance of a license under Article 46. Therefore, the bill allows for the sale of full-strength beer by retailers currently licensed under the Colorado Beer Code, regardless of proximity to a school. It appears that under the bill, new licenses to sell full-strength beer within 500 feet of a school would not be authorized.

Effect on State Expenditures. There is no state expenditure impact to implement the bill since there will be no change in workload for the Liquor Enforcement Division to process existing license applications or renewals. Also, no change in computer programming or data processing for the division is anticipated. Finally, no workload changes are anticipated for local licensing authorities or for local law enforcement due to the increased number of locations authorized to sell full-strength beer.

Departments Contacted

Revenue

Local Affairs

Public Safety