First Regular Session Seventy-second General Assembly STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction SENATE BILL 19-011

LLS NO. 19-0286.01 Yelana Love x2295

SENATE SPONSORSHIP

Williams A. and Tate, Cooke, Priola, Fenberg, Baumgardner, Court, Crowder, Fields, Gardner, Ginal, Hill, Lee, Lundeen, Marble, Scott, Sonnenberg, Story, Todd, Woodward, Zenzinger

HOUSE SPONSORSHIP

Garnett and McKean, Arndt, Hansen, Kraft-Tharp, Roberts, Singer, Soper, Titone, Gray

Senate Committees Business, Labor, & Technology **House Committees**

A BILL FOR AN ACT

101	CONCERNING THE CONVERSION OF CERTAIN FERMENTED MALT
102	BEVERAGE LICENSES ISSUED UNDER THE "COLORADO BEER
103	CODE" TO MALT LIQUOR LICENSES ISSUED UNDER THE
104	"Colorado Liquor Code".

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <u>http://leg.colorado.gov</u>.)

As of January 1, 2019, fermented malt beverages and malt liquors are defined similarly for purposes of the "Colorado Beer Code" (beer code) and the "Colorado Liquor Code" (liquor code). However, a person





who manufacturers, sells at wholesale, or imports both fermented malt beverages and malt liquor must obtain a separate license under each code. The bill removes the dual licensing requirement by:

- Converting each manufacturer's license issued under the beer code to a manufacturer's license issued under the liquor code;
- ! Converting each wholesaler's license issued under the beer code to a wholesaler's beer license issued under the liquor code;
- ! Converting each nonresident manufacturer's license issued under the beer code to a nonresident manufacturer's license issued under the liquor code;
- ! Converting each importer's license issued under the beer code to a malt liquor importer's license issued under the liquor code; and
- ! Repealing the authority of the state licensing authority to issue new licenses under the beer code, except for licenses authorizing the retail sale of fermented malt beverages.
- 1 Be it enacted by the General Assembly of the State of Colorado:

2 SECTION 1. In Colorado Revised Statutes, amend 44-4-102 as

3 follows:

4 44-4-102. Legislative declaration. (1) The general assembly
hereby declares that it is in the public interest that fermented malt
beverages shall be manufactured, imported, and sold AT RETAIL only by
persons licensed as provided in this article 4. and article 3 of this title 44.
The general assembly further declares that it is lawful to manufacture and
sell fermented malt beverages AT RETAIL subject to this article 4 and
applicable provisions of articles 3 and 5 of this title 44.

(2) The general assembly further recognizes that fermented malt
 beverages and malt liquors are separate and distinct from, and have a
 unique regulatory history in relation to, vinous and spirituous liquors; and
 as such require the retention of a separate and distinct regulatory
 framework under this article 44 HOWEVER, MAINTAINING A SEPARATE

REGULATORY FRAMEWORK AND LICENSING STRUCTURE FOR FERMENTED
 MALT BEVERAGES UNDER THIS ARTICLE 4 IS NO LONGER NECESSARY
 EXCEPT AT THE RETAIL LEVEL. FURTHERMORE, to aid administrative
 efficiency, however, article 3 of this title 44 applies to the regulation of
 fermented malt beverages, except when otherwise expressly provided for
 in this article 44 ARTICLE 4.

7 SECTION 2. In Colorado Revised Statutes, 44-4-103, amend
8 (1)(a) and (2); and repeal (5) as follows:

9 44-4-103. Definitions. Definitions applicable to this article 4 also
10 appear in article 3 of this title 44. As used in this article 4, unless the
11 context otherwise requires:

12 (1) (a) "Fermented malt beverage" means beer and any other 13 beverage obtained by the fermentation of any infusion or decoction of 14 barley, malt, hops, or any similar product or any combination thereof in 15 water containing not less than one-half of one percent alcohol by volume 16 MALT LIQUORS, WHEN PURCHASED BY A FERMENTED MALT BEVERAGE 17 RETAILER FROM A WHOLESALER LICENSED PURSUANT TO ARTICLE 3 OF 18 THIS TITLE 44; OR WHEN SOLD BY A FERMENTED MALT BEVERAGE 19 RETAILER TO CONSUMERS OR TO PERSONS LICENSED UNDER SECTION 20 44-3-411,44-3-413,44-3-414,44-3-416 то 44-3-420,44-3-422,44-3-426, 21 OR 44-3-428.

(2) "License" means a grant to a licensee to manufacture or sell
fermented malt beverages AT RETAIL as provided by this article 4.

(5) "Sell at wholesale" means selling to any other than the
 intended consumer of fermented malt beverages. "Sell at wholesale" shall
 not be construed to prevent a brewer or wholesale beer dealer from selling
 fermented malt beverages to the intended consumer thereof or to prevent

a licensed manufacturer or importer from selling such beverages to a
 licensed wholesaler.

3 SECTION 3. In Colorado Revised Statutes, 44-4-104, amend (1)
4 introductory portion, (1)(c)(I), and (4); repeal (1)(a), (1)(b), (1)(d), and
5 (3); and add (1)(e) as follows:

6

7

44-4-104. Licenses - state license fees - requirements - repeal.(1) The licenses to be granted and issued by the state licensing authority

8 pursuant to this article 4 for the manufacture, importation, and RETAIL
9 sale of fermented malt beverages are as follows:

10 (a) (I) A manufacturer's license shall be granted and issued to any 11 person, partnership, association, organization, or corporation qualifying 12 under section 44-3-301 and not prohibited from licensure under section 13 44-3-307 to manufacture and sell fermented malt beverages upon the 14 payment of an annual license fee of one hundred fifty dollars to the state 15 licensing authority. A manufacturer so licensed may have additional 16 warehouses in the state upon payment of the wholesaler's license fee as 17 provided in this section.

(II) A manufacturer that has received a license pursuant to this subsection (1)(a) shall be authorized to manufacture fermented malt beverages upon an alternating proprietor licensed premises, as defined in section 44-3-103, as approved by the state licensing authority, but the manufacturer shall not conduct retail sales of fermented malt beverages from an area licensed or defined as an alternating proprietor licensed premises:

(b) A wholesaler's license shall be granted and issued to any
 person, partnership, association, organization, or corporation qualifying
 under section 44-3-301 and not prohibited from licensure under section

-4-

44-3-307 to sell fermented malt beverages upon the payment of an annual
 license fee of one hundred fifty dollars to the state licensing authority.
 Each wholesaler's license application shall designate the territory within
 which the licensee may sell the designated products of any manufacturer,
 as agreed upon by the licensee and the manufacturer of such products.

6 (c) (I) (A) On and after June 4, 2018, A retailer's license shall be 7 granted and issued to any person, partnership, association, organization, 8 or corporation qualifying under section 44-3-301 and not prohibited from 9 licensure under section 44-3-307 to sell at retail fermented malt beverages 10 either for consumption off the licensed premises or on the licensed 11 premises, but not for consumption on and off the licensed premises, upon 12 paying an annual license fee of seventy-five dollars to the state licensing 13 authority.

(B) A PERSON LICENSED PURSUANT TO THIS SUBSECTION (1)(c) TO
SELL FERMENTED MALT BEVERAGES AT RETAIL SHALL PURCHASE THE
FERMENTED MALT BEVERAGES ONLY FROM A WHOLESALER LICENSED
PURSUANT TO ARTICLE 3 OF THIS TITLE 44.

(d) (I) A nonresident manufacturer's license shall be granted and
issued to any person manufacturing fermented malt beverages outside of
the state of Colorado for the sole purposes listed in subsection (1)(d)(III)
of this section, upon the payment of an annual license fee of one hundred
fifty dollars to the state licensing authority.

(II) An importer's license shall be granted and issued to any
 person importing fermented malt beverages into this state for the sole
 purposes listed in subsection (1)(d)(III) of this section, upon the payment
 of an annual license fee of one hundred fifty dollars to the state licensing
 authority.

- (III) The licenses referred to in subsections (1)(d)(I) and (1)(d)(II)
 of this section shall be issued for the following purposes only:
- 3 (A) To import and sell fermented malt beverages within this state
 4 to a person licensed as a wholesaler pursuant to this section;
- 5 (B) To maintain stocks of fermented malt beverages and to
 6 operate fermented malt beverages warehouses by procuring a wholesaler's
 7 license as provided in this section;
- 8 (C) To solicit orders from retail licensees and fill such orders
 9 through licensed wholesalers.

10 (IV) Each applicant for a license as a manufacturer, nonresident 11 manufacturer, or importer of fermented malt beverages shall enter into a 12 written contract with each wholesaler with which the applicant intends to 13 do business, which contract shall designate the territory within which the 14 product of such applicant shall be sold by the respective wholesaler. The 15 contract shall be submitted to the state licensing authority with an 16 application, and the applicant, if licensed, shall have a continuing duty to 17 submit any subsequent revisions, amendments, or superseding contracts 18 to the state licensing authority.

(V) A manufacturer, nonresident manufacturer, or importer
 licensed to sell fermented malt beverages under this article 4 shall not
 contract with more than one wholesaler to sell the products of such
 manufacturer, nonresident manufacturer, or importer in the same territory.

(e) (I) NOTWITHSTANDING ANY LAW TO THE CONTRARY,
BEGINNING ON THE EFFECTIVE DATE OF THIS SUBSECTION (1)(e), THE
STATE LICENSING AUTHORITY SHALL NOT ISSUE OR RENEW ANY LICENSES
UNDER THIS SECTION EXCEPT FOR LICENSES AUTHORIZED UNDER
SUBSECTION (1)(c) OF THIS SECTION.

-6-

(II) LICENSES ISSUED BY THE STATE LICENSING AUTHORITY UNDER
 SUBSECTION (1)(a), (1)(b), OR (1)(d) OF THIS SECTION IN EFFECT ON THE
 EFFECTIVE DATE OF THIS SUBSECTION (1)(e) IMMEDIATELY CONVERT, ON
 THE EFFECTIVE DATE OF THIS SUBSECTION (1)(e), WITHOUT ANY FURTHER
 ACT BY THE STATE LICENSING AUTHORITY OR THE LICENSEE, AS FOLLOWS:
 (A) A MANUFACTURER'S LICENSE THAT WAS ISSUED UNDER
 SUBSECTION (1)(a) OF THIS SECTION, AS IT EXISTED BEFORE THE EFFECTIVE

8 DATE OF THIS SUBSECTION (1)(e), CONVERTS TO A MANUFACTURER'S
9 LICENSE ISSUED PURSUANT TO SECTION 44-3-402 FOR THE MANUFACTURE
10 OF MALT LIQUORS;

(B) A WHOLESALER'S LICENSE THAT WAS ISSUED UNDER
SUBSECTION (1)(b) OF THIS SECTION, AS IT EXISTED BEFORE THE EFFECTIVE
DATE OF THIS SUBSECTION (1)(e), CONVERTS TO A WHOLESALER'S BEER
LICENSE ISSUED PURSUANT TO SECTION 44-3-407 (1)(b);

15 (C) A NONRESIDENT MANUFACTURER'S LICENSE THAT WAS ISSUED
16 UNDER SUBSECTION (1)(d)(I) OF THIS SECTION, AS IT EXISTED BEFORE THE
17 EFFECTIVE DATE OF THIS SUBSECTION (1)(e), CONVERTS TO A
18 NONRESIDENT MANUFACTURER'S LICENSE ISSUED PURSUANT TO SECTION
19 44-3-406 (1); AND

(D) AN IMPORTER'S LICENSE THAT WAS ISSUED UNDER SUBSECTION
(1)(d)(II) OF THIS SECTION, AS IT EXISTED BEFORE THE EFFECTIVE DATE OF
THIS SUBSECTION (1)(e), CONVERTS TO A MALT LIQUOR IMPORTER'S
LICENSE ISSUED PURSUANT TO SECTION 44-3-406 (2).

(III) THE CONVERSION OF A LICENSE ISSUED UNDER SUBSECTION
(1)(a), (1)(b), OR (1)(d) OF THIS SECTION TO A LICENSE ISSUED UNDER
ARTICLE 3 OF THIS TITLE 44 PURSUANT TO SUBSECTION (1)(e)(II) OF THIS
SECTION IS A CONTINUATION OF THE PRIOR LICENSE ISSUED PURSUANT TO

011

1 THIS ARTICLE 4 AND DOES NOT AFFECT:

2 (A) ANY PRIOR DISCIPLINE, LIMITATION, OR CONDITION IMPOSED
3 BY THE STATE LICENSING AUTHORITY ON A LICENSEE;

4

(B) THE DEADLINE FOR RENEWAL OF A LICENSE; OR

5 (C) ANY PENDING OR FUTURE INVESTIGATION OR ADMINISTRATIVE
6 PROCEEDING.

7 (3) The manufacturer's or wholesaler's licenses provided by this 8 article 4 shall permit the licensee to sell fermented malt beverages in 9 sealed containers to retailers and consumers, thereof, as long as the 10 beverages have been unloaded and placed in the physical possession of 11 a licensed wholesaler at its licensed premises in this state and inventoried 12 for purposes of tax collection before being delivered to any such retailer 13 or consumer. Wholesalers of fermented malt beverages receiving 14 products to be held as required by this subsection (3) shall be liable for 15 the payment of any tax due on the products under section 44-3-503.

16 (4) It is unlawful for any manufacturer or wholesaler or any 17 person, partnership, association, organization, or corporation interested financially in or with any of the licensees described in this article 4 to be 18 19 interested financially, directly or indirectly, in the business of any retail 20 licensee licensed pursuant to this article 4, or for any retail licensee under 21 this article 4 to be interested financially, directly or indirectly, in the 22 business of any manufacturer or wholesaler or any person, partnership, 23 association, organization, or corporation interested in or with any of the 24 manufacturers or wholesalers licensed pursuant to this article 4 ARTICLE 25 3 OF THIS TITLE 44.

26 SECTION 4. In Colorado Revised Statutes, 44-3-103, amend (3), 27 (5), (6), (30), and (40)(b) as follows:

-8-

44-3-103. Definitions. As used in this article 3 and article 4 of
 this title 44, unless the context otherwise requires:

3 (3) "Alternating proprietor licensed premises" means a distinct 4 and definite area, as specified in an alternating use of premises 5 application, that is owned by or in possession of a person licensed 6 pursuant to section 44-3-402, 44-3-403, OR 44-3-417 or 44-4-104 (1)(a) 7 and within which such THE licensee and other persons licensed pursuant 8 to section 44-3-402, 44-3-403, OR 44-3-417 or 44-4-104 (1)(a) are 9 authorized to manufacture and store vinous liquors OR malt liquors or 10 fermented malt beverages in accordance with the provisions of this article 11 3. or article 4 of this title 44, as applicable.

(5) "Brew pub" means a retail establishment that manufactures not
 more than one million eight hundred sixty thousand gallons of malt liquor
 and fermented malt beverages on its licensed premises or licensed
 alternating proprietor licensed premises, combined, each calendar year.

16 (6) "Brewery" means any establishment where malt liquors or
17 fermented malt beverages are manufactured, except brew pubs licensed
18 under this article 3.

(30) (a) "Malt liquors" includes beer and means any beverage
obtained by the alcoholic fermentation of any infusion or decoction of
barley, malt, hops, or any other similar product, or any combination
thereof, in water containing not less than one-half of one percent alcohol
by volume.

(b) FOR PURPOSES OF LICENSES DESCRIBED IN SECTION 44-3-401
(1)(j) TO (1)(p), (1)(s), (1)(t), (1)(v), AND (1)(w), "MALT LIQUORS"
INCLUDES FERMENTED MALT BEVERAGES WHEN PURCHASED FROM A
RETAILER LICENSED PURSUANT TO SECTION 44-4-104 (1)(c).

011

1

(40) "Qualified employee" means an individual who:

2 (b) Is engaged in manufacturing and tasting fermented malt
3 beverages or malt liquors for teaching or research purposes; and

4 SECTION 5. In Colorado Revised Statutes, 44-3-106, amend
5 (2)(a), (2)(b), and (2)(c) as follows:

6 **44-3-106. Exemptions.** (2) (a) Notwithstanding any provision of 7 this article 3 or article 4 of this title 44 to the contrary, when permitted by 8 federal law and rules and regulations promulgated pursuant thereto, an 9 adult may produce, for personal use and not for sale, an amount of 10 fermented malt beverage or malt or vinous liquor equal to the amount that 11 is exempt from the federal excise tax on the alcohol beverage when 12 produced by an adult for personal use and not for sale.

(b) The production of fermented malt beverages or malt or vinous
liquors under the circumstances set forth in this subsection (2) shall be in
strict conformity with federal law and rules and regulations issued
pursuant thereto.

17 (c) Fermented malt beverages or Malt or vinous liquors produced 18 pursuant to the provisions of this subsection (2) shall be exempt from any 19 tax imposed by this article 3, and the producer shall not be required to 20 obtain any license provided by this article 3. or article 4 of this title 44.

21 SECTION 6. In Colorado Revised Statutes, 44-3-301, amend
22 (3)(a) as follows:

44-3-301. Licensing in general. (3) (a) Each license issued under
this article 3 and article 4 of this title 44 is separate and distinct. It is
unlawful for any person to exercise any of the privileges granted under
any license other than that which THE LICENSE the person holds or for any
licensee to allow any other person to exercise such THE privileges granted

1 under the licensee's license, except as provided in section 44-3-402 (3), 2 44-3-403(2)(a), 44-3-404, OR 44-3-417(1)(b). or section 44-4-104(1)(a). 3 A separate license must be issued for each specific business or business 4 entity and each geographic location, and in the license the particular 5 alcohol beverages the applicant is authorized to manufacture or sell must 6 be named and described. For purposes of this section, a resort complex 7 with common ownership, a campus liquor complex, a hotel and restaurant 8 licensee with optional premises, an optional premises licensee for 9 optional premises located on an outdoor sports and recreational facility, 10 and a wine festival at which more than one licensee participates pursuant 11 to a wine festival permit is considered a single business and location. 12 SECTION 7. In Colorado Revised Statutes, 44-3-308, amend

13 (1)(a)(I) introductory portion, (1)(a)(II)(B), and (5)(b)(II) as follows:

14 44-3-308. Unlawful financial assistance. (1) (a) (I) It is unlawful 15 for any person licensed pursuant to this article 3 or article 4 of this title 16 44 as a manufacturer, limited winery, wholesaler, or importer, or any 17 person, partnership, association, organization, or corporation interested 18 financially in or with any of said licensees, to furnish, supply, or loan, in 19 any manner, directly or indirectly, to any person licensed to sell at retail 20 pursuant to this article 3 or article 4 or 5 of this title 44:

21

(II) This subsection (1) does not:

(B) Prevent a representative, employee, or agent of a person
licensed under this article 3 or article 4 of this title 44 as a manufacturer,
limited winery, wholesaler, or importer from pouring or serving the
licensee's alcohol beverage products as part of a tasting being conducted
on the licensed premises of a person licensed under this article 3 to sell
alcohol beverages at retail for off-premises consumption, and pouring or

1 serving the licensee's alcohol beverages does not constitute labor 2 provided by a person licensed under this article 3 or article 4 of this title 3 44 as a manufacturer, limited winery, wholesaler, or importer to a person 4 licensed under this article 3 to sell alcohol beverages at retail.

5

(5) (b) This subsection (5) does not:

6 (II) Prevent a representative, employee, or agent of a person 7 licensed under this article 3 or article 4 of this title 44 as a manufacturer, 8 limited winery, wholesaler, or importer from pouring or serving the 9 licensee's alcohol beverage products as part of a tasting being conducted 10 on the licensed premises of a person licensed under this article 3 to sell 11 alcohol beverages at retail for off-premises consumption, and pouring or 12 serving the licensee's alcohol beverages does not constitute labor 13 provided by a person licensed under this article 3 or article 4 of this title 14 44 as a manufacturer, limited winery, wholesaler, or importer to a person 15 licensed under this article 3 to sell alcohol beverages at retail.

16

SECTION 8. In Colorado Revised Statutes, 44-3-402, amend 17 (3)(c) and (5)(a) as follows:

18 44-3-402. Manufacturer's license. (3) (c) Any winery or 19 brewery that holds a wholesaler's license pursuant to section 44-3-407 or 20 44-4-104 (1)(b) may engage in the wholesale sale of alcohol beverages 21 that the licensee manufactured at an alternating proprietor licensed 22 premises from both its licensed premises and the alternating proprietor 23 licensed premises where the alcohol beverages were manufactured.

24 (5) (a) It is unlawful for a manufacturer licensed under this article 25 3 or any person, partnership, association, organization, or corporation 26 interested financially in or with a licensed manufacturer to be interested 27 financially, directly or indirectly, in the business of any person licensed 1 to sell at retail pursuant to this article 3 OR ARTICLE 4 OF THIS TITLE 44.

2 SECTION 9. In Colorado Revised Statutes, 44-3-406, amend
3 (3)(c) and (6) as follows:

4 44-3-406. Nonresident manufacturers and importers of malt
5 liquor. (3) The licenses referred to in subsections (1) and (2) of this
6 section shall be issued for the following purposes only:

7 (c) To solicit orders from retail licensees LICENSED UNDER THIS
8 ARTICLE 3 OR ARTICLE 4 OF THIS TITLE 44 and fill such THE orders through
9 malt liquor wholesalers.

(6) It is unlawful for a nonresident manufacturer licensed under
this article 3, or any person, partnership, association, organization, or
corporation interested financially in or with such a THE licensee, to be
interested financially, directly or indirectly, in the business of any person
licensed to sell at retail pursuant to this article 3 OR ARTICLE 4 OF THIS
TITLE 44.

SECTION 10. In Colorado Revised Statutes, 44-3-407, amend
(1)(b)(I) introductory portion, (1)(b)(I)(B), (1)(d), (2), and (4)(a) as
follows:

19 44-3-407. Wholesaler's license - discrimination in wholesale 20 sales prohibited. (1) (b) (I) A wholesaler's beer license shall be issued 21 to persons selling THAT SELL malt liquors at wholesale who TO RETAILERS 22 LICENSED UNDER THIS ARTICLE 3 OR ARTICLE 4 OF THIS TITLE 44 AND THAT 23 designate to the state licensing authority on their application the territory 24 within which the licensee may sell the designated products of any brewer 25 as agreed upon by the licensee and the brewer of such THE products for 26 the following purposes only:

27

(B) To take orders for malt liquors at any place within the territory

designated on the license application and deliver malt liquors on orders
previously taken to any place within the designated geographical territory,
if the licensee has procured a wholesaler's beer license and the place
where orders are taken and delivered is a place regularly licensed TO SELL
AT RETAIL FOR CONSUMPTION ON OR OFF THE LICENSED PREMISES pursuant
to the provisions of this article 3 OR ARTICLE 4 OF THIS TITLE 44.

(d) All malt, vinous, and spirituous liquors purchased by any
licensee under this section, and all malt, vinous, and spirituous liquors
shipped into this state by or to any such licensee, shall be placed in the
physical possession of the licensee at the licensee's warehouse facilities
prior to delivery to persons holding licenses under PURSUANT TO this
article 3 OR ARTICLE 4 OF THIS TITLE 44.

(2) It is unlawful for any licensed wholesaler or any person,
partnership, association, organization, or corporation interested
financially in or with a licensed wholesaler to be interested financially,
directly or indirectly, in the business of any person licensed to sell at retail
pursuant to this article 3 OR ARTICLE 4 OF THIS TITLE 44.

(4) (a) A wholesaler shall make available to all licensed retailers
LICENSED PURSUANT TO THIS ARTICLE 3 AND ARTICLE 4 OF THIS TITLE 44
in this state without discrimination all malt, vinous, and spirituous liquors
offered by the wholesaler for sale at wholesale. A wholesaler shall use its
best efforts to make available to licensed retailers each brand of alcohol
beverage that the wholesaler has been authorized to distribute.

SECTION 11. In Colorado Revised Statutes, 44-3-408, amend
(9)(c) and (9)(g) as follows:

26 44-3-408. Termination of wholesalers - remedies - definitions.
27 (9) As used in this section:

-14-

(c) "Products" means fermented malt beverages and malt liquors.

2 (g) "Wholesaler" means the holder of a Colorado wholesaler's 3 beer license. or wholesaler's license to sell fermented malt beverages.

4 SECTION 12. In Colorado Revised Statutes, 44-3-411, amend 5 (1) and (2) as follows:

6 44-3-411. Beer and wine license. (1) A beer and wine license 7 shall be issued to persons selling malt and vinous liquors and fermented 8 malt beverages for consumption on the premises. Beer and wine licensees 9 shall have sandwiches and light snacks available for consumption on the 10 premises during business hours, but need not have meals available for 11 consumption.

12 (2) (a) Every person selling malt and vinous liquors and fermented 13 malt beverages as provided in this section shall purchase malt and vinous 14 liquors and fermented malt beverages only from a wholesaler licensed 15 pursuant to this article 3; or article 4 of this title 44; except that, during 16 a calendar year, any person selling malt and vinous liquors and fermented 17 malt beverages as provided in this section may purchase not more than 18 two thousand dollars' worth of

19 (I) malt and vinous liquors from a retailer RETAILERS licensed 20 pursuant to section SECTIONS 44-3-409, or 44-3-410, and

21

1

(II) Fermented malt beverages from a retailer licensed pursuant to 22 section 44-4-104 (1)(c).

23 (b) A beer and wine licensee shall retain evidence of each 24 purchase of malt and vinous liquors from a retailer licensed pursuant to 25 section 44-3-409, or 44-3-410, and each purchase of fermented malt 26 beverages from a retailer licensed pursuant to section OR 44-4-104 (1)(c), 27 in the form of a purchase receipt showing the name of the licensed

retailer, the date of purchase, a description of the malt or vinous liquor or
 fermented malt beverages purchased, and the price paid for the purchase.
 The beer and wine licensee shall retain the receipt and shall make it
 available to the state and local licensing authorities at all times during
 business hours.

6 SECTION 13. In Colorado Revised Statutes, 44-3-413, amend
7 (7) as follows:

8 44-3-413. Hotel and restaurant license - definitions - rules.
9 (7) (a) Except as provided in subsection (7)(b) of this section, every
10 person selling alcohol beverages as provided in this section shall purchase
11 alcohol beverages only from a wholesaler licensed pursuant to this article
12 3. or article 4 of this title 44.

(b) (I) During a calendar year, a person selling alcohol beverages
as provided in this section may purchase not more than two thousand
dollars' worth of

(A) malt, vinous, and spirituous liquors from a retailer RETAILERS
 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

18 (B) Fermented malt beverages from a retailer licensed pursuant to
 19 section 44-4-104 (1)(c).

20 (II) A hotel and restaurant licensee shall retain evidence of each 21 purchase of malt, vinous, or spirituous liquors from a retailer licensed 22 pursuant to section 44-3-409, or 44-3-410, and each purchase of 23 fermented malt beverages from a retailer licensed pursuant to section OR 24 44-4-104 (1)(c), in the form of a purchase receipt showing the name of 25 the licensed retailer, the date of purchase, a description of the alcohol 26 beverages purchased, and the price paid for the alcohol beverages. The 27 licensee shall retain the receipt and make it available to the state and local

1 licensing authorities at all times during business hours.

2 SECTION 14. In Colorado Revised Statutes, 44-3-414, amend 3 (2) as follows:

4 **44-3-414.** Tavern license. (2) (a) Every person selling alcohol 5 beverages as provided in this section shall purchase alcohol beverages 6 only from a wholesaler licensed pursuant to this article 3; or article 4 of 7 this title 44; except that, during a calendar year, a person selling alcohol 8 beverages as provided in this section may purchase not more than two 9 thousand dollars' worth of

10 (1) malt, vinous, and spirituous liquors from a retailer RETAILERS 11 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

12 (II) Fermented malt beverages from a retailer licensed pursuant to 13 section 44-4-104 (1)(c).

14 (b) A tavern licensee shall retain evidence of each purchase of 15 malt, vinous, or spirituous liquors from a retailer licensed pursuant to 16 section 44-3-409, or 44-3-410, and each purchase of fermented malt 17 beverages from a retailer licensed pursuant to section OR 44-4-104 (1)(c), 18 in the form of a purchase receipt showing the name of the licensed 19 retailer, the date of purchase, a description of the alcohol beverages 20 purchased, and the price paid for the alcohol beverages. The tavern 21 licensee shall retain the receipt and make it available to the state and local 22 licensing authorities at all times during business hours.

23

SECTION 15. In Colorado Revised Statutes, 44-3-416, amend 24 (2) as follows:

44-3-416. Retail gaming tavern license. (2) (a) Every person 25 26 selling alcohol beverages as described in this section shall purchase the 27 alcohol beverages only from a wholesaler licensed pursuant to this article 3; or article 4 of this title 44; except that, during a calendar year, a person
 selling alcohol beverages as provided in this section may purchase not
 more than two thousand dollars' worth of

4 (1) malt, vinous, or spirituous liquors from a retailer RETAILERS
5 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

6

7

(II) Fermented malt beverages from a retailer licensed pursuant to section 44-4-104 (1)(c).

8 (b) A retail gaming tavern licensee shall retain evidence of each 9 purchase of malt, vinous, or spirituous liquors from a retailer licensed 10 pursuant to section 44-3-409, or 44-3-410, and each purchase of 11 fermented malt beverages from a retailer licensed pursuant to section OR 12 44-4-104 (1)(c), in the form of a purchase receipt showing the name of 13 the licensed retailer, the date of purchase, a description of the alcohol 14 beverages purchased, and the price paid for the alcohol beverages. The 15 licensee shall retain the receipt and make it available to the state and local 16 licensing authorities at all times during business hours.

17 SECTION 16. In Colorado Revised Statutes, 44-3-417, amend 18 (1)(b), (2)(a) introductory portion, (2)(a)(III), (2)(b), and (3) as follows: 19 44-3-417. Brew pub license - definition. (1) (b) A brew pub 20 licensed pursuant to this section to manufacture malt liquors or fermented 21 malt beverages upon its licensed premises may, upon approval of the state 22 licensing authority, manufacture malt liquors or fermented malt beverages 23 upon alternating proprietor licensed premises within the restrictions 24 specified in section 44-3-103 (5).

(2) (a) Except as provided in subsection (2)(b) of this section,
during the hours established in section 44-3-901 (6)(b), malt liquors or
fermented malt beverages manufactured by a brew pub licensee on the

1 licensed premises or alternating proprietor licensed premises may be:

2 (III) Sold to the public in sealed containers for off-premises 3 consumption. Only malt liquors or fermented malt beverages 4 manufactured and packaged on the licensed premises or alternating 5 proprietor licensed premises by the licensee shall be sold in sealed 6 containers.

7 (b) A brew pub authorized to manufacture malt liquors or 8 fermented malt beverages upon alternating proprietor licensed premises 9 shall not conduct retail sales of malt liquors or fermented malt beverages 10 from an area licensed or defined as an alternating proprietor licensed 11 premises.

(3) (a) Every person selling alcohol beverages pursuant to this section shall purchase alcohol beverages, other than those that are manufactured at the licensed brew pub, from a wholesaler licensed pursuant to this article 3; or article 4 of this title 44; except that, during a calendar year, a person selling alcohol beverages as provided in this section may purchase not more than two thousand dollars' worth of

(I) malt, vinous, and spirituous liquors from a retailer RETAILERS
 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

20 (II) Fermented malt beverages from a retailer licensed pursuant to
 21 section 44-4-104 (1)(c).

(b) The brew pub licensee shall retain evidence of each purchase
of malt, vinous, and spirituous liquors from a retailer licensed pursuant
to section 44-3-409, or 44-3-410, and each purchase of fermented malt
beverages from a retailer licensed pursuant to section OR 44-4-104 (1)(c),
in the form of a purchase receipt showing the name of the licensed
retailer, the date of purchase, a description of the alcohol beverages

purchased, and the price paid for the alcohol beverages. The licensee shall
 retain the receipt and make it available to state and local licensing
 authorities at all times during business hours.

4 SECTION 17. In Colorado Revised Statutes, 44-3-418, amend
5 (2) as follows:

6 44-3-418. Club license - legislative declaration. (2) (a) Every
7 person selling alcohol beverages as provided in this section shall purchase
8 the alcohol beverages only from a wholesaler licensed pursuant to this
9 article 3; or article 4 of this title 44; except that, during a calendar year,
10 a person selling alcohol beverages as provided in this section may
11 purchase not more than two thousand dollars' worth of

(I) malt, vinous, and spirituous liquors from a retailer RETAILERS
 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

(II) Fermented malt beverages from a retailer licensed pursuant to
 section 44-4-104 (1)(c).

16 (b) The club licensee shall retain evidence of each purchase of 17 malt, vinous, or spirituous liquors from a retailer licensed pursuant to 18 section 44-3-409, or 44-3-410, and each purchase of fermented malt 19 beverages from a retailer licensed pursuant to section OR 44-4-104 (1)(c), 20 in the form of a purchase receipt showing the name of the licensed 21 retailer, the date of purchase, a description of the alcohol beverages 22 purchased, and the price paid for the alcohol beverages. The licensee shall 23 retain the receipt and make it available to the state and local licensing authorities at all times during business hours. 24

25 SECTION 18. In Colorado Revised Statutes, 44-3-419, amend
26 (4) as follows:

27 **44-3-419.** Arts license - definition. (4) (a) Every person selling

-20-

alcohol beverages as provided in this section shall purchase the alcohol
 beverages only from a wholesaler licensed pursuant to this article 3; or
 article 4 of this title 44; except that, during a calendar year, a person
 selling alcohol beverages as provided in this section may purchase not
 more than two thousand dollars' worth of

6 (1) malt, vinous, and spirituous liquors from a retailer RETAILERS
7 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

8 (II) Fermented malt beverages from a retailer licensed pursuant to
9 section 44-4-104 (1)(c).

10 (b) An arts licensee shall retain evidence of each purchase of malt, 11 vinous, or spirituous liquors from a retailer licensed pursuant to section 12 44-3-409, or 44-3-410, and each purchase of fermented malt beverages 13 from a retailer licensed pursuant to section OR 44-4-104 (1)(c), in the 14 form of a purchase receipt showing the name of the licensed retailer, the 15 date of purchase, a description of the alcohol beverages purchased, and 16 the price paid for the alcohol beverages. The licensee shall retain the 17 receipt and make it available to the state and local licensing authorities at 18 all times during business hours.

SECTION 19. In Colorado Revised Statutes, 44-3-420, amend
(2) as follows:

44-3-420. Racetrack license. (2) (a) Every person selling alcohol
beverages as provided in this section shall purchase the alcohol beverages
only from a wholesaler licensed pursuant to this article 3; or article 4 of
this title 44; except that, during a calendar year, a person selling alcohol
beverages as provided in this section may purchase not more than two
thousand dollars' worth of

27

(I) malt, vinous, and spirituous liquors from a retailer RETAILERS

1 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

2 (II) Fermented malt beverages from a retailer licensed pursuant to 3 section 44-4-104 (1)(c).

4 (b) A racetrack licensee shall retain evidence of each purchase of 5 malt, vinous, or spirituous liquors from a retailer licensed pursuant to 6 section 44-3-409, or 44-3-410, and each purchase of fermented malt beverages from a retailer licensed pursuant to section OR 44-4-104 (1)(c), 7 8 in the form of a purchase receipt showing the name of the licensed 9 retailer, the date of purchase, a description of the alcohol beverages 10 purchased, and the price paid for the alcohol beverages. The licensee shall 11 retain the receipt and make it available to the state and local licensing 12 authorities at all times during business hours.

13 14

SECTION 20. In Colorado Revised Statutes, 44-3-422, amend (3) as follows:

15 44-3-422. Vintner's restaurant license. (3) (a) Every person 16 selling alcohol beverages pursuant to this section shall purchase the 17 alcohol beverages, other than those that are manufactured at the licensed 18 vintner's restaurant, from a wholesaler licensed pursuant to this article 3; 19 or article 4 of this title 44; except that, during a calendar year, a person 20 may purchase not more than two thousand dollars' worth of

21 (1) malt, vinous, and spirituous liquors from a retailer RETAILERS licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and 22

23 (II) Fermented malt beverages from a retailer licensed pursuant to 24 section 44-4-104 (1)(c).

25 (b) The vintner's restaurant licensee shall retain evidence of each 26 purchase of malt, vinous, and spirituous liquors from a retailer licensed 27 pursuant to section 44-3-409, or 44-3-410, and each purchase of fermented malt beverages from a retailer licensed pursuant to section OR
44-4-104 (1)(c), in the form of a purchase receipt showing the name of
the licensed retailer, the date of purchase, a description of the alcohol
beverages purchased, and the price paid for the alcohol beverages. The
licensee shall retain the receipt and make it available to state and local
licensing authorities at all times during business hours.

7 SECTION 21. In Colorado Revised Statutes, 44-3-426, amend
8 (4) as follows:

9 44-3-426. Distillery pub license - legislative declaration definition. (4) (a) Except as provided in subsection (4)(b) of this section,
every person selling alcohol beverages pursuant to this section must
purchase alcohol beverages, other than those that are fermented and
distilled at the licensed distillery pub, from a wholesaler licensed pursuant
to this article 3. or article 4 of this title 44.

(b) (I) During a calendar year, a person selling alcohol beverages
as provided in this section may purchase not more than two thousand
dollars' worth of

(A) malt, vinous, and spirituous liquors from a retailer RETAILERS
 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

20 (B) Fermented malt beverages from a retailer licensed pursuant to
 21 section 44-4-104 (1)(c).

(II) The distillery pub licensee shall retain evidence of each
purchase of malt, vinous, and spirituous liquors from a retailer licensed
pursuant to section 44-3-409, or 44-3-410, and each purchase of
fermented malt beverages from a retailer licensed pursuant to section OR
44-4-104 (1)(c), in the form of a purchase receipt showing the name of
the licensed retailer, the date of purchase, a description of the alcohol

beverages purchased, and the price paid for the alcohol beverages. The
 licensee shall retain the receipt and make it available to state and local
 licensing authorities at all times during business hours.

4 SECTION 22. In Colorado Revised Statutes, 44-3-428, amend
5 (2) as follows:

44-3-428. Lodging and entertainment license. (2) (a) A lodging
and entertainment facility licensed to sell alcohol beverages as provided
in this section shall purchase alcohol beverages only from a wholesaler
licensed pursuant to this article 3; or article 4 of this title 44; except that,
during a calendar year, a lodging and entertainment facility licensed to
sell alcohol beverages as provided in this section may purchase not more
than two thousand dollars' worth of

13 (1) malt, vinous, and spirituous liquors from a retailer RETAILERS
 14 licensed pursuant to section SECTIONS 44-3-409, or 44-3-410, and

(II) Fermented malt beverages from a retailer licensed pursuant to
 section 44-4-104 (1)(c).

17 (b) A lodging and entertainment facility licensee shall retain 18 evidence of each purchase of malt, vinous, or spirituous liquors from a 19 retailer licensed pursuant to section 44-3-409, or 44-3-410, and each 20 purchase of fermented malt beverages from a retailer licensed pursuant 21 to section OR 44-4-104 (1)(c), in the form of a purchase receipt showing 22 the name of the licensed retailer, the date of purchase, a description of the 23 alcohol beverages purchased, and the price paid for the alcohol 24 beverages. The lodging and entertainment facility licensee shall retain the 25 receipt and make it available to the state and local licensing authorities at 26 all times during business hours.

27

SECTION 23. In Colorado Revised Statutes, 44-3-501, amend

-24-

1 (3)(a)(V) as follows:

44-3-501. State fees. (3) (a) The state licensing authority shall
establish fees for processing the following types of applications, notices,
or reports required to be submitted to the state licensing authority:

5 (V) Applications for alternating use of premises pursuant to 6 section 44-3-402 (3), 44-3-403 (2)(a), OR 44-3-417 (1)(b) or 44-4-104 7 (1)(a), and rules adopted pursuant to those sections;

8 SECTION 24. In Colorado Revised Statutes, 44-3-503, amend
9 (1)(a) and (4)(g) as follows:

10 44-3-503. Excise tax - records - rules - definition. (1) (a) An 11 excise tax at the rate of 8.0 cents per gallon, or the same per unit volume 12 tax applied to metric measure, on all malt liquors fermented malt 13 beverages, and hard cider, 7.33 cents per liter on all vinous liquors except 14 hard cider, and 60.26 cents per liter on all spirituous liquors is imposed, 15 and the taxes shall be collected on all such respective beverages, not 16 otherwise exempt from the tax, sold, offered for sale, or used in this state; 17 except that, upon the same beverages, only one such tax shall be paid in 18 this state. The manufacturer, thereof, the holder of a winery direct 19 shipper's permit, or the first licensee receiving alcohol beverages in this 20 state if shipped from without the state, shall be primarily liable for the 21 payment of any tax or tax surcharge imposed pursuant to this section; but, 22 if the beverage is transported by a manufacturer or wholesaler to a point 23 outside of the state and disposed of there, then the manufacturer or 24 wholesaler, upon the filing with the state licensing authority of a duplicate 25 bill of lading, invoice, or affidavit showing such transaction, shall not be 26 subject to the tax provided in this section on such beverages, and, if such 27 tax has already been paid, it shall be refunded to said manufacturer or

wholesaler. For purposes of this section, "manufacturer" includes brew
 pub, distillery pub, and vintner's restaurant licensees.

3 (4) Each licensed manufacturer and wholesaler of alcohol 4 beverages within this state shall file, on or before the twentieth day of 5 each month, an exact, verified return with the state licensing authority 6 showing for the preceding calendar month the quantities of alcohol 7 beverages:

8 (g) For persons licensed pursuant to section 44-3-402 (3), 9 44-3-403 (2)(a), OR 44-3-417 (1)(b), or 44-4-104 (1)(a), a separate report 10 of vinous liquors, OR malt liquors, or fermented malt beverages, as 11 applicable, that were manufactured or inventoried in, or transferred from, 12 an alternating proprietor licensed premises.

SECTION 25. In Colorado Revised Statutes, 44-3-901, amend
(1)(i)(I) introductory portion, (1)(i)(I)(A), (1)(i)(VII), (3), (5) introductory
portion, (5)(b), and (7) as follows:

16 44-3-901. Unlawful acts - exceptions - definitions - repeal.
17 (1) Except as provided in section 18-13-122, it is unlawful for any
18 person:

(i) (I) To consume any fermented malt beverage or malt, vinous,
 or spirituous liquor ALCOHOL BEVERAGES:

(A) In any public place except on any licensed premises permitted
 under this article 3 or article 4 of this title 44 to sell any fermented malt
 beverages or malt, vinous, or spirituous liquors ALCOHOL BEVERAGES by
 the drink for consumption on the licensed premises;

(VII) Notwithstanding subsection (1)(i)(I) of this section, it is not
unlawful for a person who is at least twenty-one years of age to consume
any fermented malt beverage or malt, vinous, or spirituous liquor

1 ALCOHOL BEVERAGES in any public place, other than a public right of 2 way, where consumption of the fermented malt beverage or malt, vinous, 3 or spirituous liquor ALCOHOL BEVERAGES has been specifically authorized 4 by ordinance, resolution, or rule adopted by a municipality, city and 5 county, or county or, for purposes of state parks, state wildlife areas, or 6 other properties open to recreation that are under the supervision of the 7 parks and wildlife commission created in article 9 of title 33, by the parks 8 and wildlife commission.

9 (3) It is unlawful for any person licensed as a manufacturer, 10 limited winery, brew pub, or distillery pub pursuant to this article 3 or 11 article 4 of this title 44 to manufacture alcohol beverages in any location 12 other than the permanent location specifically designated in the license 13 for manufacturing, except as allowed pursuant to section 44-3-402 (3), 14 44-3-403 (2)(a), OR 44-3-417 (1)(b). or 44-4-104 (1)(a).

15 (5) It is unlawful for any person licensed to sell at wholesale
pursuant to this article 3: or article 4 of this title 44:

(b) To deliver fermented malt beverages or malt liquors to any
retail licensee located outside the geographic territory designated on the
license application filed with the state licensing authority if the person
holds a wholesaler's beer license;

(7) It is unlawful for any importer, manufacturer, or brewer to sell
or to bring into this state for purposes of sale any fermented malt
beverage or any malt liquor without causing the same to be unloaded and
placed in the physical possession of a licensed wholesaler at the
wholesaler's licensed premises in this state and to be inventoried for
purposes of tax collection prior to delivery to a retailer or consumer.

27 SECTION 26. In Colorado Revised Statutes, 44-4-105, amend

-27-

1 (1)(a) as follows:

2 44-4-105. Fees and taxes - allocation. (1) (a) The state licensing 3 authority shall establish fees for processing the following types of 4 applications, notices, or reports required to be submitted to the state 5 licensing authority: Applications for new fermented malt beverage 6 licenses pursuant to section 44-3-301 and rules thereunder; applications 7 for change of location pursuant to section 44-3-301 and rules thereunder; 8 applications for changing, altering, or modifying licensed premises 9 pursuant to section 44-3-301 and rules thereunder; applications for 10 warehouse or branch house permits pursuant to section 44-4-104 and 11 rules thereunder; applications for duplicate licenses; and notices of 12 change of name or trade name pursuant to section 44-3-301 and rules 13 thereunder. The amounts of such fees, when added to the other fees and 14 taxes transferred to the liquor enforcement division and state licensing 15 authority cash fund pursuant to subsection (2) of this section and section 16 44-3-502 (1), shall reflect the direct and indirect costs of the liquor 17 enforcement division and the state licensing authority in the 18 administration and enforcement of this article 4 and articles 3 and 5 of 19 this title 44. At least annually, the amounts of the fees shall be reviewed 20 and, if necessary, adjusted to reflect such direct and indirect costs.

21 SECTION 27. In Colorado Revised Statutes, 44-4-107, amend
22 (5) as follows:

44-4-107. Local licensing authority - application - fees definition - rules - repeal. (5) A person licensed under subsection (1)(a)
of this section that holds multiple fermented malt beverage retailer's
licenses for multiple licensed premises may operate under a single or
consolidated corporate entity but shall not commingle purchases of or

1 credit extensions for purchases of fermented malt beverages ALCOHOL 2 BEVERAGE PRODUCT from a wholesaler licensed under this article 4 or 3 article 3 of this title 44 for more than one licensed premises. A wholesaler 4 licensed under this article 4 or article 3 of this title 44 shall not base the 5 price for the fermented malt beverages ALCOHOL BEVERAGE PRODUCT it 6 sells to a fermented malt beverage retailer licensed under subsection 7 (1)(a) of this section on the total volume of fermented malt beverages 8 ALCOHOL BEVERAGE PRODUCT that the retailer purchases for multiple 9 licensed premises.

SECTION 28. In Colorado Revised Statutes, repeal 44-4-108 as
follows:

12 44-4-108. Exemption. This article 4 does not apply to a state 13 institution of higher education when the institution is engaged in the 14 manufacture and tasting, at the place of manufacture or at a licensed 15 premises, of fermented malt beverages for teaching or research purposes, 16 so long as the fermented malt beverages are not sold or offered for sale 17 and are only tasted by a qualified employee, qualified student, or expert 18 taster. Any unused fermented malt beverage product that is produced by 19 a state institution of higher education in accordance with this section must 20 be removed from a licensed premises at the end of an event if the event 21 is held at a licensed premises located off campus.

SECTION 29. Applicability. This act applies to conduct
 occurring on or after the effective date of this act.

SECTION 30. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.