

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 16-1255.02 Christy Chase x2008

SENATE BILL 16-197

SENATE SPONSORSHIP

Steadman,

HOUSE SPONSORSHIP

Williams and Nordberg,

Senate Committees

Business, Labor, & Technology
Appropriations

House Committees

Business Affairs and Labor
Appropriations

A BILL FOR AN ACT

101 CONCERNING THE RETAIL SALE OF ALCOHOL BEVERAGES, AND, IN ==
102 CONNECTION THEREWITH, RESTRICTING THE ISSUANCE OF NEW
103 LIQUOR-LICENSED DRUGSTORE AND RETAIL LIQUOR STORE
104 LICENSES EXCEPT UNDER SPECIFIED CIRCUMSTANCES;
105 ALLOWING LIQUOR-LICENSED DRUGSTORE AND RETAIL LIQUOR
106 STORE LICENSEES TO OBTAIN ADDITIONAL LICENSES UNDER
107 LIMITED CIRCUMSTANCES; REPEALING THE LIMIT ON THE
108 ALCOHOL CONTENT OF FERMENTED MALT BEVERAGES ON
109 JANUARY 1, 2019; AND MAKING AN APPROPRIATION.

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

HOUSE
3rd Reading Unamended
May 11, 2016

HOUSE
Amended 2nd Reading
May 10, 2016

SENATE
Amended 3rd Reading
May 9, 2016

SENATE
Amended 2nd Reading
May 6, 2016

applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

On or after January 1, 2017, and before January 1, 2027, the bill allows a liquor-licensed drugstore to obtain up to 5 additional liquor-licensed drugstore licenses, under which drugstores are permitted to sell malt, vinous, and spirituous liquors in sealed containers for consumption off the licensed premises. On or after January 1, 2017, and before January 1, 2027, a liquor-licensed drugstore seeking to obtain an additional liquor-licensed drugstore license must apply to the state and local licensing authorities, as part of a single application, to transfer ownership of 2 retail liquor stores licensed as of the effective date of the bill, change the location of one of the retail liquor stores, and merge and convert the 2 retail liquor store licenses into a single liquor-licensed drugstore license. Assuming all other requirements for the transfer, merger, and conversion are satisfied, the application is permitted only if:

- ! The applicant has paid a purchase price of at least \$350,000 per retail liquor store to acquire ownership of the 2 retail liquor stores;
- ! The subject retail liquor store and the drugstore applicant's premises are within the jurisdiction of the same local licensing authority; and
- ! The drugstore's licensed premises will not be located within 2,500 feet of another licensed liquor retailer within the same local licensing authority's jurisdiction.

In making its determination on the application, the local licensing authority may consider the reasonable requirements of the neighborhood.

Starting January 1, 2027, a liquor-licensed drugstore may obtain an unlimited number of additional liquor-licensed drugstore licenses without acquiring and converting 2 retail liquor store licenses.

A liquor-licensed drugstore shall:

- ! Not sell alcohol beverages at a price that is lower than the drugstore's cost to purchase the products;
- ! Ensure that an employee completes alcohol beverage transactions with customers directly rather than through a self-checkout register;
- ! Ensure that employees who are involved in selling alcohol beverages maintain certification as responsible alcohol beverage vendors;
- ! Not sell clothing or accessories imprinted with advertising, logos, or slogans related to alcohol beverages;
- ! Not store alcohol products off the licensed premises;
- ! Designate a manager who has been permitted by the state licensing authority to conduct the store's alcohol beverage purchases with licensed wholesalers; and

! Shelve and display its alcohol beverage merchandise separately from nonalcohol products it offers for sale.

Additionally, a drugstore that obtains a liquor license on or after January 1, 2017, must effect payment upon delivery and cannot purchase alcohol beverages on credit.

The bill removes the maximum alcohol content of fermented malt beverages, thereby allowing licensed fermented malt beverage retailers to sell beer with an alcohol content in excess of 3.2% by weight or 4% by volume.

Wholesalers, manufacturers, and their employees cannot stock liquor-licensed drugstore shelves with alcohol beverages or otherwise provide shelving, displaying, or similar services to a liquor-licensed drugstore.

The state licensing authority may issue a manager's permit to a liquor-licensed drugstore manager who controls the drugstore's alcohol beverage operations if the permit applicant satisfies specified criteria.

A liquor-licensed drugstore must pay an application fee to both the state licensing authority and the local licensing authority and, if the application is granted, is subject to applicable annual liquor-licensed drugstore licensing fees.

The bill expands the nonalcohol products that a retail liquor store may sell, including soft drinks, snack foods, wine-, beer-, and spirits-making kits and related supplies, clothing and accessories related to alcohol beverages, lottery tickets, tobacco and related products, and any other merchandise not related to the consumption of alcohol beverages if the annual gross revenue from the other merchandise does not exceed 20% of the retail liquor store's total annual gross revenue.

The bill permits a retail liquor store owner to have an interest in up to 5 additional retail liquor store licenses.

All licensed retailers will have to verify that each customer attempting to purchase alcohol beverages is at least 21 years of age by requiring the customer to present a valid, government-issued document that includes the customer's photograph and date of birth.

A liquor-licensed drugstore is prohibited from allowing an employee under 21 years of age to sell, deliver, or otherwise have contact with malt, vinous, or spirituous liquors offered for sale on, or sold and removed from, the licensed premises.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 12-47-408, **amend**
3 (1), (2), and (4); **repeal (5)**; and **add (6) and (7)** as follows:

4 **12-47-408. Liquor-licensed drugstore license - multiple**

1 **licenses permitted - requirements - repeal.** (1) (a) (I) A liquor-licensed
2 drugstore license shall be issued to persons selling malt, vinous, and
3 spirituous liquors in sealed containers not to be consumed at the place
4 where sold. ON AND AFTER JULY 1, 2016, EXCEPT AS PERMITTED UNDER
5 PARAGRAPH (b) OF THIS SUBSECTION (1), THE STATE AND LOCAL LICENSING
6 AUTHORITIES SHALL NOT ISSUE A NEW LIQUOR-LICENSED DRUGSTORE
7 LICENSE IF THE LICENSED PREMISES FOR WHICH A LIQUOR-LICENSED
8 DRUGSTORE LICENSE IS SOUGHT IS LOCATED:

9 (A) WITHIN ONE THOUSAND FIVE HUNDRED FEET OF A RETAIL
10 LIQUOR STORE LICENSED UNDER SECTION 12-47-407; OR

11 (B) FOR A DRUGSTORE PREMISES LOCATED IN A MUNICIPALITY
12 WITH A POPULATION OF TEN THOUSAND OR FEWER, WITHIN THREE
13 THOUSAND FEET OF A RETAIL LIQUOR STORE LICENSED UNDER SECTION
14 12-47-407.

15 (II) Nothing in this subsection (1) shall prohibit PROHIBITS:

16 (A) THE RENEWAL OR TRANSFER OF OWNERSHIP OF A
17 LIQUOR-LICENSED DRUGSTORE LICENSE INITIALLY ISSUED PRIOR TO JULY
18 1, 2016.

19 (B) A liquor-licensed drugstore licensee from allowing tastings to
20 be conducted on his or her THE licensed premises if an authorization for
21 the APPLICABLE LOCAL LICENSING AUTHORITY HAS AUTHORIZED THE
22 LIQUOR-LICENSED DRUGSTORE TO CONDUCT tastings has been granted
23 pursuant to section 12-47-301 ON ITS LICENSED PREMISES IN ACCORDANCE
24 WITH SECTION 12-47-301 (10).

25 (b) (I) ON OR AFTER JANUARY 1, 2017, TO QUALIFY FOR AN
26 ADDITIONAL LIQUOR-LICENSED DRUGSTORE LICENSE UNDER THIS SECTION,
27 A LIQUOR-LICENSED DRUGSTORE LICENSEE, OR A RETAIL LIQUOR STORE

1 LICENSEE THAT WAS LICENSED AS A LIQUOR-LICENSED DRUGSTORE ON
2 FEBRUARY 21, 2016, MUST APPLY TO THE STATE AND LOCAL LICENSING
3 AUTHORITIES, AS PART OF A SINGLE APPLICATION, FOR A TRANSFER OF
4 OWNERSHIP OF AT LEAST TWO LICENSED RETAIL LIQUOR STORES THAT
5 WERE LICENSED OR HAD APPLIED FOR A LICENSE ON OR BEFORE MAY 1,
6 2016, A CHANGE OF LOCATION OF ONE OF THE RETAIL LIQUOR STORES, AND
7 A MERGER AND CONVERSION OF THE RETAIL LIQUOR STORE LICENSES INTO
8 A SINGLE LIQUOR-LICENSED DRUGSTORE LICENSE. THE APPLICANT MAY
9 APPLY FOR A TRANSFER, CHANGE OF LOCATION, AND MERGER AND
10 CONVERSION ONLY IF ALL OF THE FOLLOWING REQUIREMENTS ARE MET:

11 (A) THE RETAIL LIQUOR STORES THAT ARE THE SUBJECT OF THE
12 TRANSFER OF OWNERSHIP ARE LOCATED WITHIN THE SAME LOCAL
13 LICENSING AUTHORITY JURISDICTION AS THE DRUGSTORE PREMISES FOR
14 WHICH THE APPLICANT IS SEEKING A LIQUOR-LICENSED DRUGSTORE
15 LICENSE, AND, IF ANY RETAIL LIQUOR STORES ARE LOCATED WITHIN ONE
16 THOUSAND FIVE HUNDRED FEET OF THE DRUGSTORE PREMISES OR, FOR A
17 DRUGSTORE PREMISES LOCATED IN A MUNICIPALITY WITH A POPULATION
18 OF TEN THOUSAND OR FEWER, WITHIN THREE THOUSAND FEET OF THE
19 DRUGSTORE PREMISES, THE APPLICANT APPLIES TO TRANSFER OWNERSHIP
20 OF ALL RETAIL LIQUOR STORES LOCATED WITHIN THAT DISTANCE, IF THERE
21 ARE NO LICENSED RETAIL LIQUOR STORES OR ONLY ONE LICENSED RETAIL
22 LIQUOR STORE WITHIN THE SAME LOCAL LICENSING AUTHORITY
23 JURISDICTION AS THE DRUGSTORE PREMISES FOR WHICH A
24 LIQUOR-LICENSED DRUGSTORE LICENSE IS SOUGHT, THE APPLICANT SHALL
25 APPLY TO TRANSFER OWNERSHIP OF ONE OR TWO RETAIL LIQUOR STORES,
26 AS NECESSARY, THAT ARE LOCATED IN THE LOCAL LICENSING AUTHORITY
27 JURISDICTION THAT IS NEAREST TO THE JURISDICTION IN WHICH THE

1 DRUGSTORE PREMISES IS LOCATED.

2 (B) UPON TRANSFER AND CONVERSION OF THE RETAIL LIQUOR
3 STORE LICENSES TO A SINGLE LIQUOR-LICENSED DRUGSTORE LICENSE, THE
4 DRUGSTORE PREMISES FOR WHICH THE LIQUOR-LICENSED DRUGSTORE
5 LICENSE IS SOUGHT WILL BE LOCATED AT LEAST ONE THOUSAND FIVE
6 HUNDRED FEET FROM ALL LICENSED RETAIL LIQUOR STORES THAT ARE
7 WITHIN THE SAME LOCAL LICENSING AUTHORITY JURISDICTION AS THE
8 DRUGSTORE PREMISES OR, FOR A DRUGSTORE PREMISES LOCATED IN A
9 MUNICIPALITY WITH A POPULATION OF TEN THOUSAND OR FEWER, AT
10 LEAST THREE THOUSAND FEET FROM ALL LICENSED RETAIL LIQUOR STORES
11 THAT ARE WITHIN THE SAME LOCAL LICENSING AUTHORITY JURISDICTION
12 AS THE DRUGSTORE PREMISES.

13 (II) FOR PURPOSES OF DETERMINING WHETHER THE DISTANCE
14 REQUIREMENTS SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b)
15 ARE SATISFIED, THE DISTANCE SHALL BE DETERMINED BY A RADIUS
16 MEASUREMENT THAT BEGINS AT THE PRINCIPAL DOORWAY OF THE
17 DRUGSTORE PREMISES FOR WHICH THE APPLICATION IS MADE AND ENDS AT
18 THE PRINCIPAL DOORWAY OF THE LICENSED RETAIL LIQUOR STORE.

19 (III) IN MAKING ITS DETERMINATION ON THE TRANSFER OF
20 OWNERSHIP, CHANGE OF LOCATION, AND LICENSE MERGER AND
21 CONVERSION APPLICATION, THE LOCAL LICENSING AUTHORITY SHALL
22 CONSIDER THE REASONABLE REQUIREMENTS OF THE NEIGHBORHOOD AND
23 THE DESIRES OF THE ADULT INHABITANTS IN ACCORDANCE WITH SECTION
24 12-47-312.

25 (IV) IN ADDITION TO ANY OTHER REQUIREMENTS FOR LICENSURE
26 UNDER THIS SECTION OR ARTICLE, A PERSON APPLYING FOR A NEW
27 LIQUOR-LICENSED DRUGSTORE LICENSE IN ACCORDANCE WITH THIS

1 PARAGRAPH (b) ON OR AFTER JANUARY 1, 2017, OR TO RENEW A
2 LIQUOR-LICENSED DRUGSTORE LICENSE ISSUED ON OR AFTER JANUARY 1,
3 2017, UNDER THIS PARAGRAPH (b) MUST:

4 (A) PROVIDE EVIDENCE TO THE STATE AND LOCAL LICENSING
5 AUTHORITIES THAT AT LEAST TWENTY PERCENT OF THE LICENSEE'S GROSS
6 ANNUAL INCOME DERIVED FROM TOTAL SALES DURING THE PRIOR TWELVE
7 MONTHS AT THE DRUGSTORE PREMISES FOR WHICH A NEW OR RENEWAL
8 LICENSES IS SOUGHT IS FROM THE SALE OF FOOD ITEMS, AS DEFINED BY THE
9 STATE LICENSING AUTHORITY BY RULE; AND

10 (B) BE OPEN TO THE PUBLIC.

11 =====

12 (2) (a) ~~Every~~ A person ~~selling~~ LICENSED UNDER THIS SECTION TO
13 SELL malt, vinous, and spirituous liquors as provided in this section shall:

14 (I) Purchase ~~such~~ malt, vinous, and spirituous liquors only from
15 a wholesaler licensed ~~pursuant to~~ UNDER this article;

16 (II) NOT SELL MALT, VINOUS, OR SPIRITUOUS LIQUORS TO
17 CONSUMERS AT A PRICE THAT IS BELOW THE LIQUOR-LICENSED
18 DRUGSTORE'S COST TO PURCHASE THE MALT, VINOUS, OR SPIRITUOUS
19 LIQUORS;

20 (III) NOT ALLOW CONSUMERS TO PURCHASE MALT, VINOUS, OR
21 SPIRITUOUS LIQUORS AT A SELF-CHECKOUT OR OTHER MECHANISM THAT
22 ALLOWS THE CONSUMER TO COMPLETE THE ALCOHOL BEVERAGE
23 PURCHASE WITHOUT ASSISTANCE FROM AND COMPLETION OF THE
24 TRANSACTION BY AN EMPLOYEE OF THE LIQUOR-LICENSED DRUGSTORE;

25 (IV) REQUIRE, IN ACCORDANCE WITH SECTION 12-47-901 (10),
26 CONSUMERS ATTEMPTING TO PURCHASE MALT, VINOUS, OR SPIRITUOUS
27 LIQUORS TO PRESENT A VALID IDENTIFICATION, AS DETERMINED BY THE

1 STATE LICENSING AUTHORITY BY RULE; AND

2 (V) NOT SELL CLOTHING OR ACCESSORIES IMPRINTED WITH
3 ADVERTISING, LOGOS, SLOGANS, TRADEMARKS, OR MESSAGES RELATED TO
4 ALCOHOL BEVERAGES.

5 (b) A PERSON LICENSED UNDER THIS SECTION ON OR AFTER
6 JANUARY 1, 2017, SHALL NOT PURCHASE MALT, VINOUS, OR SPIRITUOUS
7 LIQUORS FROM A WHOLESALER ON CREDIT AND SHALL EFFECT PAYMENT
8 UPON DELIVERY OF THE ALCOHOL BEVERAGES.

9 (4) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS
10 SUBSECTION (4), it is unlawful for any owner, part owner, shareholder, or
11 person interested directly or indirectly in a liquor-licensed drugstore to
12 conduct, own either in whole or in part, or be directly or indirectly
13 interested in any other business licensed pursuant to this article. ~~except~~
14 ~~that such a~~

15 (b) AN OWNER, PART OWNER, SHAREHOLDER, OR PERSON
16 INTERESTED DIRECTLY OR INDIRECTLY IN A LIQUOR-LICENSED DRUGSTORE
17 may have an interest in:

18 (I) An arts license ~~or~~ GRANTED UNDER THIS ARTICLE;

19 (II) An airline public transportation system license granted under
20 this article; ~~or in~~

21 (III) A financial institution referred to in section 12-47-308 (4);

22 (IV) FOR A LIQUOR-LICENSED DRUGSTORE LICENSED ON OR BEFORE
23 JANUARY 1, 2016, ADDITIONAL LIQUOR-LICENSED DRUGSTORE LICENSES
24 AS FOLLOWS, BUT ONLY IF OBTAINED IN ACCORDANCE WITH PARAGRAPH
25 (b) OF SUBSECTION (1) OF THIS SECTION:

26 (A) ON OR AFTER JANUARY 1, 2017, AND BEFORE JANUARY 1,
27 2022, FOUR ADDITIONAL LIQUOR-LICENSED DRUGSTORE LICENSES, FOR A

1 MAXIMUM OF FIVE TOTAL LIQUOR-LICENSED DRUGSTORE LICENSES:

2 (B) ON OR AFTER JANUARY 1, 2022, AND BEFORE JANUARY 1,
3 2027, UP TO SEVEN ADDITIONAL LIQUOR-LICENSED DRUGSTORE LICENSES,
4 FOR A MAXIMUM OF EIGHT TOTAL LIQUOR-LICENSED DRUGSTORE
5 LICENSES:

6 (C) ON OR AFTER JANUARY 1, 2027, AND BEFORE JANUARY 1,
7 2032, UP TO TWELVE ADDITIONAL LIQUOR-LICENSED DRUGSTORE
8 LICENSES, FOR A MAXIMUM OF THIRTEEN TOTAL LIQUOR-LICENSED
9 DRUGSTORE LICENSES:

10 (D) ON OR AFTER JANUARY 1, 2032, AND BEFORE JANUARY 1,
11 2037, UP TO NINETEEN ADDITIONAL LIQUOR-LICENSED DRUGSTORE
12 LICENSES, FOR A MAXIMUM OF TWENTY TOTAL LIQUOR-LICENSED
13 DRUGSTORE LICENSES; AND

14 (E) ON OR AFTER JANUARY 1, 2037, AN UNLIMITED NUMBER OF
15 ADDITIONAL LIQUOR-LICENSED DRUGSTORE LICENSES.

16 (5) A licensee under the provisions of this section with a valid
17 license in effect on July 1, 2000, may apply to a local licensing authority
18 to convert or transfer such license to a retail liquor store license issued
19 under the provisions of section 12-47-407 and may continue to operate as
20 a retail liquor store licensee notwithstanding the limitations with respect
21 to location within five hundred feet from any public or parochial school
22 or the principal campus of any college, university, or seminary pursuant
23 to the provisions of section 12-47-313 (1) (d) (I). The local licensing
24 authority may, but shall not be required to, consider the reasonable
25 requirements of the neighborhood pursuant to section 12-47-312 in
26 making a determination on the conversion or transfer to a retail liquor
27 store license.

1 (6) (a) A LIQUOR-LICENSED DRUGSTORE LICENSED UNDER THIS
2 SECTION SHALL NOT STORE ALCOHOL BEVERAGES OFF THE LICENSED
3 PREMISES.

4 (b) A LICENSED WHOLESALER SHALL MAKE ALL DELIVERIES OF
5 ALCOHOL BEVERAGES TO A LIQUOR-LICENSED DRUGSTORE:

6 (I) THROUGH A COMMON CARRIER, A CONTRACT CARRIER, OR ON
7 VEHICLES OWNED BY THE WHOLESALER; AND

8 (II) ONLY TO THE BUSINESS ADDRESS OF THE LIQUOR-LICENSED
9 DRUGSTORE.

10 (7) (a) A LIQUOR-LICENSED DRUGSTORE LICENSED UNDER THIS
11 SECTION ON OR AFTER JANUARY 1, 2017, SHALL HAVE AT LEAST ONE
12 MANAGER PERMITTED UNDER SECTION 12-47-425 WHO WORKS ON THE
13 LICENSED PREMISES. THE LIQUOR-LICENSED DRUGSTORE SHALL DESIGNATE
14 AT LEAST ONE PERMITTED MANAGER ON THE LICENSED PREMISES TO
15 CONDUCT THE LIQUOR-LICENSED DRUGSTORE'S PURCHASES OF ALCOHOL
16 BEVERAGES FROM A LICENSED WHOLESALER. A LICENSED WHOLESALER
17 SHALL TAKE ORDERS FOR ALCOHOL BEVERAGES ONLY FROM A PERMITTED
18 MANAGER DESIGNATED BY THE LIQUOR-LICENSED DRUGSTORE.

19 (b) A LIQUOR-LICENSED DRUGSTORE THAT IS INVOLVED IN
20 SELLING ALCOHOL BEVERAGES MUST OBTAIN AND MAINTAIN A
21 CERTIFICATION AS A RESPONSIBLE ALCOHOL BEVERAGE VENDOR IN
22 ACCORDANCE WITH PART 10 OF THIS ARTICLE.

23 (c) AN EMPLOYEE OF A LIQUOR-LICENSED DRUGSTORE WHO IS
24 UNDER TWENTY-ONE YEARS OF AGE SHALL NOT DELIVER OR OTHERWISE
25 HAVE ANY CONTACT WITH MALT, VINOUS, OR SPIRITUOUS LIQUORS
26 OFFERED FOR SALE ON, OR SOLD AND REMOVED FROM, THE LICENSED
27 PREMISES.

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SECTION 2. In Colorado Revised Statutes, **add** 12-47-425 as follows:

12-47-425. Liquor-licensed drugstore manager's permit.

(1) THE STATE LICENSING AUTHORITY MAY ISSUE A MANAGER'S PERMIT TO AN INDIVIDUAL WHO IS EMPLOYED BY A LIQUOR-LICENSED DRUGSTORE LICENSED UNDER SECTION 12-47-408 AND WHO WILL BE IN ACTUAL CONTROL OF THE LIQUOR-LICENSED DRUGSTORE'S ALCOHOL BEVERAGE OPERATIONS.

(2) AN INDIVIDUAL SEEKING A MANAGER'S PERMIT SHALL APPLY TO THE STATE LICENSING AUTHORITY IN THE FORM AND MANNER REQUIRED BY THE STATE LICENSING AUTHORITY. TO OBTAIN A MANAGER'S PERMIT, THE INDIVIDUAL MUST DEMONSTRATE THAT HE OR SHE:

(a) HAS NOT BEEN CONVICTED OF A CRIME INVOLVING THE SALE OR DISTRIBUTION OF ALCOHOL BEVERAGES WITHIN THE EIGHT YEARS IMMEDIATELY PRECEDING THE DATE ON WHICH THE APPLICATION IS SUBMITTED;

(b) HAS NOT BEEN CONVICTED OF ANY FELONY WITHIN THE FIVE YEARS IMMEDIATELY PRECEDING THE DATE ON WHICH THE APPLICATION IS SUBMITTED; EXCEPT THAT IN CONSIDERING THE CONVICTION OF A FELONY, THE STATE LICENSING AUTHORITY IS GOVERNED BY SECTION 24-5-101, C.R.S.;

(c) IS AT LEAST TWENTY-ONE YEARS OF AGE; AND

(d) HAS NOT HAD A MANAGER'S PERMIT OR ANY SIMILAR PERMIT ISSUED BY THE STATE, A LOCAL JURISDICTION, OR ANOTHER STATE OR FOREIGN JURISDICTION REVOKED BY THE ISSUING AUTHORITY WITHIN THE

1 THREE YEARS IMMEDIATELY PRECEDING THE DATE ON WHICH THE
2 APPLICATION IS SUBMITTED.

3

4 (3) IT IS UNLAWFUL FOR AN INDIVIDUAL WHO HAS A MANAGER'S
5 PERMIT ISSUED UNDER THIS SECTION TO BE INTERESTED DIRECTLY OR
6 INDIRECTLY IN:

7 (a) A WHOLESALER LICENSED PURSUANT TO SECTION 12-47-406;

8 (b) A LIMITED WINERY LICENSED PURSUANT TO SECTION
9 12-47-403;

10 (c) AN IMPORTER LICENSED PURSUANT TO SECTION 12-47-404;

11 (d) A MANUFACTURER LICENSED PURSUANT TO SECTION 12-47-402
12 OR 12-47-405; OR

13 (e) ANY BUSINESS LICENSED UNDER THIS ARTICLE THAT HAS HAD
14 ITS LICENSE REVOKED BY THE STATE LICENSING AUTHORITY WITHIN THE
15 EIGHT YEARS IMMEDIATELY PRECEDING THE DATE ON WHICH THE
16 INDIVIDUAL APPLIES FOR A MANAGER'S PERMIT UNDER THIS SECTION.

17 (4) IN RECOGNITION OF THE STATE'S FLOURISHING LOCAL
18 BREWERIES, WINERIES, AND DISTILLERIES THAT LOCALLY PRODUCE
19 HIGH-QUALITY MALT, VINOUS, AND SPIRITUOUS LIQUORS, MANAGERS OF
20 LIQUOR-LICENSED DRUGSTORES ARE ENCOURAGED TO PURCHASE AND
21 PROMOTE LOCALLY-PRODUCED ALCOHOL BEVERAGE PRODUCTS IN THEIR
22 LIQUOR-LICENSED DRUGSTORES.

23 **SECTION 3.** In Colorado Revised Statutes, **amend** 12-46-102 as
24 follows:

25 **12-46-102. Legislative declaration.** (1) The general assembly
26 hereby declares that it is in the public interest that fermented malt
27 beverages shall be manufactured, imported, and sold only by persons

1 licensed as provided in this article AND ARTICLE 47 OF THIS TITLE. The
2 general assembly further declares that it is lawful to manufacture and sell
3 fermented malt beverages ~~containing not more than three and two-tenths~~
4 ~~percent alcohol by weight~~ subject to ~~the provisions of~~ this article and
5 applicable provisions of articles 47 and 48 of this title.

6 (2) The general assembly FURTHER recognizes that fermented malt
7 beverages AND MALT LIQUORS are separate and distinct from, ~~malt~~ AND
8 HAVE A UNIQUE REGULATORY HISTORY IN RELATION TO, vinous and
9 spirituous liquors, and as such require THE RETENTION OF a separate and
10 distinct regulatory framework under this article. To aid administrative
11 efficiency, however, ~~the provisions in~~ article 47 of this title ~~shall apply~~
12 APPLIES to the regulation of fermented malt beverages, except when
13 otherwise expressly provided for in this article.

14 **SECTION 4.** In Colorado Revised Statutes, 12-46-103, **amend**
15 (1) as follows:

16 **12-46-103. Definitions.** Definitions applicable to this article also
17 appear in article 47 of this title. As used in this article, unless the context
18 otherwise requires:

19 (1) (a) "Fermented malt beverage" means BEER AND any OTHER
20 beverage obtained by the fermentation of any infusion or decoction of
21 barley, malt, hops, or any similar product or any combination thereof in
22 water containing not less than one half of one percent alcohol by volume.
23 ~~and not more than three and two-tenths percent alcohol by weight or four~~
24 ~~percent alcohol by volume; except that~~

25 (b) "Fermented malt beverage" ~~shall~~ DOES not include
26 confectionery containing alcohol within the limits prescribed by section
27 25-5-410 (1) (i) (II), C.R.S.

1 **SECTION 5.** In Colorado Revised Statutes, add 12-46-108 as
2 follows:

3 **12-46-108. Liquor industry working group - creation - duties**
4 **- report - repeal.** (1) THE STATE LICENSING AUTHORITY SHALL CONVENE
5 A LIQUOR INDUSTRY WORKING GROUP TO DEVELOP AN IMPLEMENTATION
6 PROCESS FOR GROCERY AND CONVENIENCE STORES TO APPLY FOR A
7 LICENSE TO SELL MALT LIQUOR AND FERMENTED MALT BEVERAGES
8 CONTAINING AT LEAST ONE-HALF PERCENT ALCOHOL BY VOLUME
9 STARTING JANUARY 1, 2019. THE WORKING GROUP SHALL ANALYZE THE
10 IMPACT THAT REMOVING THE ALCOHOL CONTENT LIMIT ON FERMENTED
11 MALT BEVERAGES WILL HAVE ON THE ALCOHOL BEVERAGE INDUSTRY AS
12 A WHOLE, AS WELL AS ON CURRENT RETAIL LICENSEES, AND SHALL
13 CONSIDER OTHER LEGISLATIVE, REGULATORY, OR ADMINISTRATIVE
14 CHANGES NECESSARY TO PROMOTE THE THREE-TIERED DISTRIBUTION
15 SYSTEM IN COLORADO. ADDITIONALLY, THE WORKING GROUP SHALL
16 EXAMINE AND MAKE RECOMMENDATIONS REGARDING LAWS GOVERNING
17 TASTINGS CONDUCTED ON RETAIL PREMISES LICENSED UNDER ARTICLE 47
18 OF THIS TITLE AND THE ABILITY OF RETAIL LIQUOR STORES LICENSED
19 UNDER SECTION 12-47-407 TO SELL GROWLERS CONTAINING MALT
20 LIQUORS.

21 (2) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE
22 SHALL APPOINT THE FOLLOWING MEMBERS TO SERVE ON THE LIQUOR
23 INDUSTRY WORKING GROUP:

24 (a) A MEMBER FROM THE DEPARTMENT OF REVENUE;

25 (b) A MEMBER FROM THE LIQUOR ENFORCEMENT DIVISION IN THE
26 DEPARTMENT OF REVENUE;

27 (c) A MEMBER FROM THE ATTORNEY GENERAL'S OFFICE;

- 1 (d) A MEMBER REPRESENTING MUNICIPAL GOVERNMENT;
- 2 (e) A MEMBER REPRESENTING COUNTY GOVERNMENT;
- 3 (f) A MEMBER REPRESENTING COMMUNITY PREVENTION;
- 4 (g) A MEMBER REPRESENTING LAW ENFORCEMENT;
- 5 (h) TWO MEMBERS REPRESENTING LARGE BREWERIES;
- 6 (i) TWO MEMBERS REPRESENTING SMALL BREWERIES;
- 7 (j) ONE MEMBER REPRESENTING A NATIONAL DISTILLERY;
- 8 (k) ONE MEMBER REPRESENTING A COLORADO DISTILLERY;
- 9 (l) THREE MEMBERS REPRESENTING RETAIL LIQUOR STORE
10 LICENSEES, ONE OF WHICH MUST REPRESENT A SMALL RETAIL LIQUOR
11 STORE LICENSEE;
- 12 (m) ONE MEMBER REPRESENTING A STATEWIDE OFF-PREMISES
13 RETAIL LICENSEE;
- 14 (n) TWO MEMBERS REPRESENTING PERSONS LICENSED UNDER
15 SECTION 12-47-411;
- 16 (o) ONE MEMBER REPRESENTING PERSONS LICENSED UNDER
17 SECTION 12-47-412;
- 18 (p) TWO MEMBERS REPRESENTING LICENSED WHOLESALERS;
- 19 (q) ONE MEMBER REPRESENTING A NATIONAL VINOUS LIQUORS
20 MANUFACTURER;
- 21 (r) ONE MEMBER REPRESENTING A COLORADO VINOUS LIQUORS
22 MANUFACTURER;
- 23 (s) TWO ATTORNEYS WHO PRACTICE IN THE AREA OF LIQUOR LAW
24 AND REGULATION;
- 25 (t) ONE MEMBER REPRESENTING MOTHERS AGAINST DRUNK
26 DRIVING OR ITS SUCCESSOR ORGANIZATION;
- 27 (u) TWO MEMBERS REPRESENTING GROCERY STORES;

1 (v) TWO MEMBERS REPRESENTING CONVENIENCE STORES; AND
2 (w) TWO MEMBERS OF THE PUBLIC.
3 (3) THE LIQUOR INDUSTRY WORKING GROUP SHALL CONVENE AS
4 SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS SECTION, BUT
5 NO LATER THAN AUGUST 1, 2016, AND BY JANUARY 1, 2018, SHALL
6 REPORT ITS FINDINGS AND RECOMMENDATIONS FOR AN IMPLEMENTATION
7 PROCESS, INCLUDING ANY LEGISLATIVE OR ADMINISTRATIVE
8 RECOMMENDATIONS, TO THE SENATE BUSINESS, LABOR, AND TECHNOLOGY
9 COMMITTEE AND THE HOUSE OF REPRESENTATIVES BUSINESS AFFAIRS AND
10 LABOR COMMITTEE, OR THEIR SUCCESSOR COMMITTEES.
11 (4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2019.

12 **SECTION 6.** In Colorado Revised Statutes, 12-47-103, **amend**
13 (19) and (31) as follows:

14 **12-47-103. Definitions.** As used in this article and article 46 of
15 this title, unless the context otherwise requires:

16 (19) "Malt liquors" includes beer and ~~shall be construed to mean~~
17 MEANS any beverage obtained by the alcoholic fermentation of any
18 infusion or decoction of barley, malt, hops, or any other similar product,
19 or any combination thereof, in water containing ~~more than three and~~
20 ~~two-tenths percent of alcohol by weight or four percent alcohol by~~
21 ~~volume~~ NOT LESS THAN ONE-HALF OF ONE PERCENT ALCOHOL BY VOLUME.

22 (31) "Retail liquor store" means an establishment engaged only in
23 the sale of malt, vinous, and spirituous liquors and soft drinks and mixers,
24 all in sealed containers for consumption off the premises; tobaccos,
25 tobacco products, smokers' supplies, and nonfood items related to the
26 consumption of such beverages; and liquor-filled candy and food items
27 approved by the state licensing authority, which are prepackaged, labeled,

1 and directly related to the consumption of such beverages and are sold
2 solely for the purpose of cocktail garnish in containers up to sixteen
3 ounces. Nothing in this section shall be construed to authorize the sale of
4 food items that could constitute a snack, a meal, or portion of a meal
5 NONALCOHOL PRODUCTS, BUT ONLY IF THE ANNUAL GROSS REVENUES
6 FROM THE SALE OF NONALCOHOL PRODUCTS DOES NOT EXCEED TWENTY
7 PERCENT OF THE RETAIL LIQUOR STORE'S TOTAL ANNUAL GROSS
8 REVENUES.

9 **SECTION 7.** In Colorado Revised Statutes, 12-47-202, **amend**
10 (2) (a) (I) introductory portion; **repeal** (2) (a) (I) (S); and **add** (2) (b)
11 (II.5) as follows:

12 **12-47-202. Duties of state licensing authority.** (2) (a) (I) Rules
13 ~~made~~ ADOPTED pursuant to paragraph (b) of subsection (1) of this section
14 may cover, ~~but shall not be limited to~~ WITHOUT LIMITATION, the following
15 subjects:

16 (S) ~~The testing of the alcohol content of malt liquor and fermented~~
17 ~~malt beverage sold by persons licensed pursuant to this article or article~~
18 ~~46 of this title. The state licensing authority shall adopt such rules no later~~
19 ~~than January 1, 2011.~~

20 (b) (II.5) NOTWITHSTANDING ANY PROVISION OF THIS ARTICLE TO
21 THE CONTRARY, A LIQUOR-LICENSED DRUGSTORE LICENSED UNDER
22 SECTION 12-47-408 ON OR AFTER JANUARY 1, 2017, SHALL NOT PURCHASE
23 ALCOHOL BEVERAGES ON CREDIT OR ACCEPT AN OFFER OR EXTENSION OF
24 CREDIT FROM A LICENSEE AND SHALL EFFECT PAYMENT UPON DELIVERY OF
25 THE ALCOHOL BEVERAGES.

26 **SECTION 8.** In Colorado Revised Statutes, 12-47-301, amend
27 (9); and add (12) as follows:

1 12-47-301. Licensing in general. (9) (a) (I) A licensee may move
2 his or her permanent location to any other place in the same city, town, or
3 city and county for which the license was originally granted, or in the
4 same county if such license was granted for a place outside the corporate
5 limits of any city, town, or city and county, but it shall be unlawful to sell
6 any alcohol beverage at any such place until permission to do so is
7 granted by all the licensing authorities provided for in this article.

8 (II) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS PARAGRAPH
9 (a), FOR A RETAIL LIQUOR STORE LICENSED ON OR BEFORE JANUARY 1,
10 2016, THE LICENSEE MAY APPLY TO MOVE THE PERMANENT LOCATION TO
11 ANOTHER PLACE WITHIN OR OUTSIDE THE MUNICIPALITY OR COUNTY IN
12 WHICH THE LICENSE WAS ORIGINALLY GRANTED. IT IS UNLAWFUL FOR THE
13 LICENSEE TO SELL ANY ALCOHOL BEVERAGES AT THE NEW LOCATION
14 UNTIL PERMISSION IS GRANTED BY THE STATE AND LOCAL LICENSING
15 AUTHORITIES.

16 (b) (I) In permitting such A change of location, such THE licensing
17 authorities shall consider the reasonable requirements of the
18 neighborhood to which the applicant seeks to change his or her location,
19 the desires of the adult inhabitants as evidenced by petitions,
20 remonstrances, or otherwise, and all reasonable restrictions that are or
21 may be placed upon the new district by the council, board of trustees, or
22 licensing authority of the city, town, or city and county or by the board of
23 county commissioners of any county.

24 (II) IF THE STATE AND LOCAL LICENSING AUTHORITIES APPROVE AN
25 APPLICATION FOR A CHANGE OF LOCATION SUBMITTED UNDER
26 SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (9) BY A
27 RETAIL LIQUOR STORE LICENSED ON OR BEFORE JANUARY 1, 2016, THE

1 LICENSEE MUST CHANGE THE LOCATION OF ITS PREMISES WITHIN THREE
2 YEARS AFTER THE APPROVAL IS GRANTED.

3 (12) (a) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
4 ARTICLE, ON AND AFTER JULY 1, 2016, THE STATE AND LOCAL LICENSING
5 AUTHORITIES SHALL NOT ISSUE A NEW LICENSE UNDER THIS ARTICLE
6 AUTHORIZING THE SALE AT RETAIL OF MALT, VINOUS, OR SPIRITUOUS
7 LIQUORS IN SEALED CONTAINERS FOR CONSUMPTION OFF THE LICENSED
8 PREMISES IF THE PREMISES FOR WHICH THE RETAIL LICENSE IS SOUGHT IS
9 LOCATED:

10 (I) WITHIN ONE THOUSAND FIVE HUNDRED FEET OF ANOTHER
11 LICENSED PREMISES LICENSED TO SELL MALT, VINOUS, OR SPIRITUOUS
12 LIQUORS AT RETAIL FOR OFF-PREMISES CONSUMPTION; OR

13 (II) FOR A PREMISES LOCATED IN A MUNICIPALITY WITH A
14 POPULATION OF TEN THOUSAND OR FEWER, WITHIN THREE THOUSAND FEET
15 OF ANOTHER LICENSED PREMISES LICENSED TO SELL MALT, VINOUS, OR
16 SPIRITUOUS LIQUORS AT RETAIL FOR OFF-PREMISES CONSUMPTION.

17 (b) FOR PURPOSES OF THIS SUBSECTION (12), A LICENSE UNDER
18 THIS ARTICLE AUTHORIZING THE SALE AT RETAIL OF MALT, VINOUS, OR
19 SPIRITUOUS LIQUORS IN SEALED CONTAINERS FOR CONSUMPTION OFF THE
20 LICENSED PREMISES INCLUDES A LICENSE UNDER THIS ARTICLE
21 AUTHORIZING THE SALE OF MALT AND VINOUS LIQUORS IN SEALED
22 CONTAINERS NOT TO BE CONSUMED AT THE PLACE WHERE THE MALT AND
23 VINOUS LIQUORS ARE SOLD.

24 (c) FOR PURPOSES OF DETERMINING WHETHER THE DISTANCE
25 REQUIREMENTS SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (12) ARE
26 SATISFIED, THE DISTANCE SHALL BE DETERMINED BY A RADIUS
27 MEASUREMENT THAT BEGINS AT THE PRINCIPAL DOORWAY OF THE

1 PREMISES FOR WHICH THE APPLICATION IS MADE AND ENDS AT THE
2 PRINCIPAL DOORWAY OF THE OTHER RETAIL LICENSED PREMISES.

3 **SECTION 9.** In Colorado Revised Statutes, 12-47-303, **amend**
4 (1) (c) and (2); and **add (1) (d)** as follows:

5 **12-47-303. Transfer of ownership and temporary permits.**

6 (1) (c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
7 PARAGRAPH (c), for any other transfer of ownership, application ~~shall~~
8 MUST be made to the state and local licensing authorities on forms
9 prepared and furnished by the state licensing authority. In determining
10 whether to permit a transfer of ownership, the licensing authorities shall
11 consider only the requirements of section 12-47-307 and 1 CCR 203-2,
12 rule 47-302, entitled "Changing, Altering, or Modifying Licensed
13 Premises", or any analogous successor rule. The local licensing authority
14 may ~~cause~~ CONDUCT a hearing on the application for transfer of
15 ownership ~~to be held. No hearing provided for by this paragraph (c) shall~~
16 ~~be held by the local licensing authority until a notice of hearing has been~~
17 ~~conspicuously posted on the licensed premises for a period of ten days~~
18 ~~and notice of the hearing has been provided the applicant at least ten days~~
19 ~~prior to the hearing~~ AFTER PROVIDING NOTICE IN ACCORDANCE WITH
20 SUBPARAGRAPH (III) OF THIS PARAGRAPH (c). Any transfer of ownership
21 hearing by the state licensing authority ~~shall be pursuant to~~ MUST BE HELD
22 IN ACCORDANCE WITH section 12-47-305 (2).

23 (II) A LICENSE MERGER AND CONVERSION AS PROVIDED FOR IN
24 SECTION 12-47-408 (1) (b) INCLUDES A TRANSFER OF OWNERSHIP OF AT
25 LEAST TWO RETAIL LIQUOR STORES, A CHANGE OF LOCATION OF ONE OF
26 THE RETAIL LIQUOR STORES, AND A MERGER AND CONVERSION OF THE
27 RETAIL LIQUOR STORE LICENSES INTO A SINGLE LIQUOR-LICENSED

1 DRUGSTORE LICENSE, ALL AS PART OF A SINGLE TRANSACTION, AND THE
2 LIQUOR-LICENSED DRUGSTORE APPLICANT NEED NOT APPLY SEPARATELY
3 FOR A TRANSFER OF OWNERSHIP UNDER THIS SECTION. THE
4 LIQUOR-LICENSED DRUGSTORE APPLYING FOR A LICENSE MERGER AND
5 CONVERSION PURSUANT TO SECTION 12-47-408 (1) (b) IS INELIGIBLE FOR
6 A TEMPORARY PERMIT PURSUANT TO THIS SECTION. THE LOCAL LICENSING
7 AUTHORITY SHALL CONSIDER THE REASONABLE REQUIREMENTS OF THE
8 NEIGHBORHOOD PURSUANT TO SECTION 12-47-312 WHEN MAKING A
9 DETERMINATION ON THE MERGER AND CONVERSION OF THE RETAIL
10 LIQUOR STORE LICENSES INTO A SINGLE LIQUOR-LICENSED DRUGSTORE
11 LICENSE. THE LOCAL LICENSING AUTHORITY MAY HOLD A HEARING ON THE
12 APPLICATION FOR THE LICENSE MERGER AND CONVERSION AFTER
13 PROVIDING NOTICE IN ACCORDANCE WITH SUBPARAGRAPH (III) OF THIS
14 PARAGRAPH (c).

15
16 (III) PRIOR TO HOLDING A HEARING AS PROVIDED IN THIS
17 PARAGRAPH (c), THE LOCAL LICENSING AUTHORITY SHALL NOTIFY THE
18 APPLICANT OF THE HEARING AT LEAST TEN DAYS BEFORE THE HEARING
19 AND SHALL POST, OR MAY DIRECT THE LICENSE APPLICANT TO POST, A
20 NOTICE OF THE HEARING IN A CONSPICUOUS LOCATION ON THE LICENSED
21 PREMISES FOR AT LEAST TEN CONSECUTIVE DAYS BEFORE THE HEARING.

22 (d) THE STATE OR A LOCAL LICENSING AUTHORITY SHALL NOT
23 APPROVE A TRANSFER OF OWNERSHIP UNDER THIS SUBSECTION (1) UNTIL
24 THE APPLICANT FILES WITH THE LOCAL LICENSING AUTHORITY
25 CONFIRMATION FROM EACH WHOLESALER LICENSED UNDER THIS ARTICLE
26 THAT HAS SOLD ALCOHOL BEVERAGES TO THE TRANSFEROR THAT THE
27 WHOLESALER HAS BEEN PAID IN FULL FOR ALL ALCOHOL BEVERAGES

1 DELIVERED TO THE TRANSFEROR.

2 (2) Notwithstanding ~~the provisions~~ ANY PROVISION of this article
3 to the contrary, a local licensing authority ~~shall have discretionary~~
4 ~~authority to~~ MAY issue a temporary permit to a transferee of any retail
5 class of alcohol beverage license issued by the local licensing authority
6 pursuant to this article or article 46 of this title; ~~Such~~ EXCEPT THAT A
7 LOCAL LICENSING AUTHORITY SHALL NOT ISSUE A TEMPORARY PERMIT TO
8 A LIQUOR-LICENSED DRUGSTORE THAT HAS ACQUIRED OWNERSHIP OF
9 LICENSED RETAIL LIQUOR STORES IN ACCORDANCE WITH SECTION
10 12-47-408 (1) (b). A temporary permit ~~shall authorize~~ AUTHORIZES a
11 transferee to continue selling ~~such~~ alcohol beverages as permitted under
12 the permanent license during the period in which an application to
13 transfer the ownership of the license is pending.

14 **SECTION 10.** In Colorado Revised Statutes, 12-47-312, **amend**
15 (2) (a) as follows:

16 **12-47-312. Results of investigation - decision of authorities.**

17 (2) (a) Before entering any decision approving or denying the
18 application, the local licensing authority shall consider, except where this
19 article specifically provides otherwise, the facts and evidence adduced as
20 a result of its investigation, as well as any other facts, the reasonable
21 requirements of the neighborhood for the type of license for which
22 application has been made, the desires of the adult inhabitants, the
23 number, type, and availability of alcohol beverage outlets located in or
24 near the neighborhood under consideration, and any other pertinent
25 matters affecting the qualifications of the applicant for the conduct of the
26 type of business proposed; except that the reasonable requirements of the
27 neighborhood shall not be considered in the issuance of a club liquor

1 license. The reasonable requirements of the neighborhood may, but are
2 not required to, be considered in the conversion or transfer of a
3 liquor-licensed drugstore license to a retail liquor store license FOR THE
4 MERGER AND CONVERSION OF RETAIL LIQUOR STORE LICENSES TO A SINGLE
5 LIQUOR-LICENSED DRUGSTORE LICENSE IN ACCORDANCE WITH SECTION
6 12-47-408 (1) (b), THE LOCAL LICENSING AUTHORITY SHALL CONSIDER
7 THE REASONABLE REQUIREMENTS OF THE NEIGHBORHOOD AND THE
8 DESIRES OF THE ADULT INHABITANTS OF THE NEIGHBORHOOD.

9 **SECTION 11.** In Colorado Revised Statutes, 12-47-401, **add** (1)
10 (w) as follows:

11 **12-47-401. Classes of licenses and permits.** (1) For the purpose
12 of regulating the manufacture, sale, and distribution of alcohol beverages,
13 the state licensing authority in its discretion, upon application in the
14 prescribed form made to it, may issue and grant to the applicant a license
15 or permit from any of the following classes, subject to the provisions and
16 restrictions provided by this article:

17 (w) MANAGER'S PERMIT.

18 **SECTION 12.** In Colorado Revised Statutes, 12-47-406, **add** (4)
19 as follows:

20 **12-47-406. Wholesaler's license - discrimination in wholesale**
21 **sales prohibited.** (4) (a) A WHOLESALER SHALL MAKE AVAILABLE TO ALL
22 LICENSED RETAILERS IN THIS STATE WITHOUT DISCRIMINATION ALL MALT,
23 VINOUS, AND SPIRITUOUS LIQUORS OFFERED BY THE WHOLESALER FOR
24 SALE AT WHOLESALE. A WHOLESALER SHALL USE ITS BEST EFFORTS TO
25 MAKE AVAILABLE TO LICENSED RETAILERS EACH BRAND OF ALCOHOL
26 BEVERAGE THAT THE WHOLESALER HAS BEEN AUTHORIZED TO DISTRIBUTE.

27 (b) NOTHING IN THIS SECTION PROHIBITS A WHOLESALER FROM

1 ESTABLISHING REASONABLE ALLOCATION PROCEDURES WHEN THE
2 ANTICIPATED DEMAND FOR A PRODUCT IS GREATER THAN THE SUPPLY OF
3 THE PRODUCT.

4 **SECTION 13.** In Colorado Revised Statutes, 12-47-407, **amend**
5 (1) and (4); **repeal** (5); and **add** (6) as follows:

6 **12-47-407. Retail liquor store license. (1) (a) (I)** A retail liquor
7 store license shall be issued to persons selling only malt, vinous, and
8 spirituous liquors in sealed containers not to be consumed at the place
9 where sold. Malt, vinous, and spirituous liquors in sealed containers shall
10 not be sold at retail other than in retail liquor stores except as provided in
11 section 12-47-408.

12 _____
13 (II) ON AND AFTER JULY 1, 2016, THE STATE AND LOCAL
14 LICENSING AUTHORITIES SHALL NOT ISSUE A NEW RETAIL LIQUOR STORE
15 LICENSE IF THE PREMISES FOR WHICH THE RETAIL LIQUOR STORE LICENSE
16 IS SOUGHT IS LOCATED:

17 (A) WITHIN ONE THOUSAND FIVE HUNDRED FEET OF ANOTHER
18 RETAIL LIQUOR STORE LICENSED UNDER THIS SECTION OR A
19 LIQUOR-LICENSED DRUGSTORE LICENSED UNDER SECTION 12-47-408; OR

20 (B) FOR A PREMISES LOCATED IN A MUNICIPALITY WITH A
21 POPULATION OF TEN THOUSAND OR FEWER, WITHIN THREE THOUSAND FEET
22 OF ANOTHER RETAIL LIQUOR STORE LICENSED UNDER THIS SECTION OR A
23 LIQUOR-LICENSED DRUGSTORE LICENSED UNDER SECTION 12-47-408.

24 (b) In addition, retail liquor stores may sell nonfood items related
25 to the consumption of such liquors, liquor-filled candy, and food items
26 approved by the state licensing authority that are prepackaged, labeled,
27 directly related to the consumption of such liquors, and sold solely for the

1 ~~purpose of cocktail garnish in containers up to sixteen ounces. Nothing~~
2 ~~in this section shall be construed to authorize the sale of food items that~~
3 ~~could constitute a snack, a meal, or a portion of a meal~~ ANY NONALCOHOL
4 PRODUCTS, BUT ONLY IF THE ANNUAL GROSS REVENUES FROM THE SALE OF
5 NONALCOHOLIC PRODUCTS DO NOT EXCEED TWENTY PERCENT OF THE
6 RETAIL LIQUOR STORE'S TOTAL ANNUAL GROSS REVENUES.

7 (c) Nothing in this section or in section 12-47-103 (31) ~~shall be~~
8 ~~construed to prohibit the sale of items by~~ PROHIBITS a LICENSED retail
9 liquor store FROM:

10 (I) SELLING ITEMS on behalf of or to benefit a charitable
11 organization, as defined in section 39-26-102, C.R.S., or a nonprofit
12 corporation subject to the "Colorado Revised Nonprofit Corporation Act",
13 articles 121 to 137 of title 7, C.R.S., and determined to be exempt from
14 federal income tax by the federal internal revenue service, if the retail
15 liquor store does not receive compensation for ~~any such~~ THE sale; ~~Nothing~~
16 ~~in this section shall prohibit a retail liquor store licensee~~

17 (II) At the option of the licensee, ~~from~~ displaying promotional
18 material furnished by a manufacturer or wholesaler, which material
19 permits a customer to purchase other items from a third person, if SO
20 LONG AS the retail liquor store licensee does not receive payment from the
21 third person and if the ~~ordering of~~ CUSTOMER ORDERS the additional
22 merchandise ~~is done by the customer~~ directly from the third person;
23 ~~Nothing in this subsection (1) shall prohibit a retail liquor store licensee~~
24 ~~from~~ OR

25 (III) Allowing tastings to be conducted on ~~his or her~~ THE licensed
26 premises if ~~an~~ THE LICENSEE HAS RECEIVED authorization ~~for the~~ TO
27 CONDUCT tastings ~~has been granted~~ pursuant to section 12-47-301.

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(4) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (4), it is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a retail liquor store to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article. ~~except that such a~~

(b) AN OWNER, PART OWNER, SHAREHOLDER, OR person INTERESTED DIRECTLY OR INDIRECTLY IN A RETAIL LIQUOR STORE may have an interest in:

(I) An arts license ~~or~~ GRANTED UNDER THIS ARTICLE;

(II) An airline public transportation system license granted under this article;

(III) FOR A RETAIL LIQUOR STORE LICENSED ON OR BEFORE JANUARY 1, 2016, AND WHOSE LICENSE HOLDER IS A COLORADO RESIDENT, ADDITIONAL RETAIL LIQUOR STORE LICENSES AS FOLLOWS, BUT ONLY IF THE PREMISES FOR WHICH A LICENSE IS SOUGHT SATISFIES THE DISTANCE REQUIREMENTS SPECIFIED IN SUBPARAGRAPH (II) OF PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION:

(A) ON OR AFTER JANUARY 1, 2017, AND BEFORE JANUARY 1, 2022, ONE ADDITIONAL RETAIL LIQUOR STORE LICENSE, FOR A MAXIMUM OF UP TO TWO TOTAL RETAIL LIQUOR STORE LICENSES;

(B) ON OR AFTER JANUARY 1, 2022, AND BEFORE JANUARY 1, 2027, UP TO TWO ADDITIONAL RETAIL LIQUOR STORE LICENSES, FOR A MAXIMUM OF THREE TOTAL RETAIL LIQUOR STORE LICENSES; AND

(C) ON OR AFTER JANUARY 1, 2027, UP TO THREE ADDITIONAL RETAIL LIQUOR STORE LICENSES, FOR A MAXIMUM OF FOUR TOTAL RETAIL LIQUOR STORE LICENSES; or in

1 (IV) A financial institution referred to in section 12-47-308 (4).
2 ~~(5) A licensee under the provisions of section 12-47-408 with a~~
3 ~~valid license in effect on July 1, 2000, may apply to a local licensing~~
4 ~~authority to convert or transfer such license to a retail liquor store license~~
5 ~~issued under the provisions of this section and may continue to operate as~~
6 ~~a retail liquor store licensee notwithstanding the limitations with respect~~
7 ~~to location within five hundred feet from any public or parochial school~~
8 ~~or the principal campus of any college, university, or seminary pursuant~~
9 ~~to the provisions of section 12-47-313 (1) (d) (I). The local licensing~~
10 ~~authority may, but shall not be required to, consider the reasonable~~
11 ~~requirements of the neighborhood pursuant to section 12-47-312 in~~
12 ~~making a determination on the conversion or transfer to a retail liquor~~
13 ~~store license.~~

14 (6) _____ A LIQUOR-LICENSED DRUGSTORE MAY APPLY TO THE
15 STATE AND LOCAL LICENSING AUTHORITIES, AS PART OF A SINGLE
16 APPLICATION, FOR A MERGER AND CONVERSION OF _____ RETAIL LIQUOR
17 STORE LICENSES TO A SINGLE LIQUOR-LICENSED DRUGSTORE LICENSE AS
18 PROVIDED IN SECTION 12-47-408 (1) (b).

19 _____
20 **SECTION 14.** In Colorado Revised Statutes, 12-47-501, **amend**
21 (2) (a) (XIV); and **add** (1) (t), (2) (a) (XVI), and (2) (a) (XVII) as
22 follows:

23 **12-47-501. State fees.** (1) The following license and permit fees
24 shall be paid to the department of revenue annually in advance:

- 25 (t) FOR EACH MANAGER'S PERMIT, ONE HUNDRED DOLLARS.
- 26 (2) (a) The state licensing authority shall establish fees for
- 27 processing the following types of applications, notices, or reports required

1 to be submitted to the state licensing authority:

2 (XIV) Notice of change of name or trade name pursuant to section
3 12-47-301 and rules adopted pursuant to that section; ~~and~~

4 (XVI) == APPLICATIONS FOR TRANSFER OF OWNERSHIP, CHANGE
5 OF LOCATION, AND LICENSE MERGER AND CONVERSION PURSUANT TO
6 SECTION 12-47-408 (1) (b);

7 ==
8 (XVII) APPLICATIONS FOR MANAGER'S PERMITS PURSUANT TO
9 SECTION 12-47-425.

10 **SECTION 15**. In Colorado Revised Statutes, 12-47-505, **amend**
11 (4) (a) introductory portion; and **add** (4) (a) (V) as follows:

12 **12-47-505. Local license fees**. (4) (a) Each application for a
13 license provided for in this article and article 46 of this title filed with a
14 local licensing authority ~~shall~~ **MUST** be accompanied by an application fee
15 in an amount determined by the local licensing authority to cover actual
16 and necessary expenses, subject to the following limitations:

17 (V) == FOR A TRANSFER OF OWNERSHIP, CHANGE OF LOCATION,
18 AND LICENSE MERGER AND CONVERSION PURSUANT TO SECTION 12-47-408
19 (1) (b), NOT TO EXCEED ONE THOUSAND DOLLARS.

20 ==
21 **SECTION 16**. In Colorado Revised Statutes, 12-47-901, **amend**
22 (5) introductory portion, (5) (a) (I) (A), and (5) (c); **repeal** (8); and **add**
23 (5) (p) and (10) as follows:

24 **12-47-901. Unlawful acts - exceptions - definitions.** (5) It is
25 unlawful for any person licensed to sell at retail pursuant to this article OR
26 ARTICLE 46 OF THIS TITLE:

27 (a) (I) (A) To sell an alcohol beverage to any person under the age

1 of twenty-one years, to a habitual drunkard, or to a visibly intoxicated
2 person. ~~or to permit any alcohol beverage to be sold or dispensed by a~~
3 ~~person under eighteen years of age, or to permit any such person to~~
4 ~~participate in the sale or dispensing thereof.~~ If a person who, in fact, is not
5 twenty-one years of age exhibits a fraudulent proof of age, any action
6 relying on such fraudulent proof of age shall not constitute grounds for
7 the revocation or suspension of any license issued under this article or
8 article 46 of this title. ~~Notwithstanding any provision in this subparagraph~~
9 ~~(I) to the contrary, no person under twenty-one years of age shall be~~
10 ~~employed to sell or dispense malt, vinous, or spirituous liquors unless he~~
11 ~~or she is supervised by another person who is on premise and has attained~~
12 ~~twenty-one years of age. No employee of a tavern licensed pursuant to~~
13 ~~section 12-47-412, that does not regularly serve meals as defined in~~
14 ~~section 12-47-103 (20), or a retail liquor store shall sell malt, vinous, or~~
15 ~~spirituous liquors unless such person is at least twenty-one years of age.~~

16 (c) Except as provided in section 18-13-122, C.R.S., ~~for any~~
17 ~~person~~ to sell fermented malt beverages to any person under the age of
18 twenty-one years or to any person between the hours of 12 midnight and
19 ~~5 a.m.~~ 8 A.M.;

20 (p) (I) (A) TO PERMIT A PERSON UNDER EIGHTEEN YEARS OF AGE
21 TO SELL, DISPENSE, OR PARTICIPATE IN THE SALE OR DISPENSING OF ANY
22 ALCOHOL BEVERAGE; OR

23 (B) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
24 PARAGRAPH (p), TO EMPLOY A PERSON WHO IS AT LEAST EIGHTEEN YEARS
25 OF AGE BUT UNDER TWENTY-ONE YEARS OF AGE TO SELL OR DISPENSE
26 MALT, VINOUS, OR SPIRITUOUS LIQUORS UNLESS THE EMPLOYEE IS
27 SUPERVISED BY ANOTHER PERSON WHO IS ON THE LICENSED PREMISES AND

1 IS AT LEAST TWENTY-ONE YEARS OF AGE;

2 (II) IF LICENSED AS A TAVERN UNDER SECTION 12-47-412, A
3 RETAIL LIQUOR STORE UNDER SECTION 12-47-407, OR A LIQUOR-LICENSED
4 DRUGSTORE UNDER SECTION 12-47-408, TO PERMIT AN EMPLOYEE WHO IS
5 UNDER TWENTY-ONE YEARS OF AGE TO SELL MALT, VINOUS, OR
6 SPIRITUOUS LIQUORS; OR

7 (III) IF LICENSED AS A RETAIL LIQUOR STORE UNDER SECTION
8 12-47-407 OR A LIQUOR-LICENSED DRUGSTORE UNDER SECTION 12-47-408,
9 TO PERMIT AN EMPLOYEE WHO IS UNDER TWENTY-ONE YEARS OF AGE TO
10 DELIVER OR OTHERWISE HAVE ANY CONTACT WITH MALT, VINOUS, OR
11 SPIRITUOUS LIQUORS OFFERED FOR SALE ON, OR SOLD AND REMOVED
12 FROM, THE LICENSED PREMISES OF THE RETAIL LIQUOR STORE OR
13 LIQUOR-LICENSED DRUGSTORE.

14 ~~(8) It is unlawful for any manufacturer or wholesaler licensed~~
15 ~~pursuant to article 46 of this title to sell, deliver, or cause to be delivered~~
16 ~~to any person licensed pursuant to section 12-47-407 or 12-47-408 any~~
17 ~~beverage containing alcohol in excess of three and two-tenths percent by~~
18 ~~weight or four percent by volume, or for any fermented malt beverage~~
19 ~~retailer licensed pursuant to article 46 of this title to sell, possess, or~~
20 ~~permit the consumption on the premises of any of the beverages~~
21 ~~containing alcohol in excess of three and two-tenths percent by weight or~~
22 ~~four percent by volume, or for any fermented malt beverage retail licensee~~
23 ~~licensed pursuant to article 46 of this title to hold or operate under any~~
24 ~~license for the sale of any beverages containing alcohol in excess of three~~
25 ~~and two-tenths percent by weight or four percent by volume for the same~~
26 ~~premises. Any violation of this subsection (8) by any fermented malt~~
27 ~~beverage licensee licensed pursuant to article 46 of this title immediately~~

1 ~~invalidates the license granted under article 46 of this title.~~

2 (10) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS
3 SUBSECTION (10), IT IS UNLAWFUL FOR A RETAIL LICENSEE OR AN
4 EMPLOYEE OF A RETAIL LICENSEE TO SELL MALT, VINOUS, OR SPIRITUOUS
5 LIQUORS TO A CONSUMER FOR CONSUMPTION OFF THE LICENSED PREMISES
6 UNLESS THE RETAIL LICENSEE OR EMPLOYEE VERIFIES THAT THE
7 CONSUMER IS AT LEAST TWENTY-ONE YEARS OF AGE BY REQUIRING THE
8 CONSUMER TO PRESENT A VALID IDENTIFICATION, AS DETERMINED BY THE
9 STATE LICENSING AUTHORITY BY RULE. THE RETAIL LICENSEE OR
10 EMPLOYEE SHALL MAKE A DETERMINATION FROM THE INFORMATION
11 PRESENTED WHETHER THE PURCHASER IS AT LEAST TWENTY-ONE YEARS
12 OF AGE.

13 (b) IT IS NOT UNLAWFUL FOR A RETAIL LICENSEE OR EMPLOYEE OF
14 A RETAIL LICENSEE TO SELL MALT, VINOUS, OR SPIRITUOUS LIQUORS TO A
15 CONSUMER WHO IS OR REASONABLY APPEARS TO BE OVER FIFTY YEARS OF
16 AGE AND WHO FAILED TO PRESENT AN ACCEPTABLE FORM OF
17 IDENTIFICATION.

18 (c) AS USED IN THIS SUBSECTION (10), "RETAIL LICENSEE" MEANS
19 A PERSON LICENSED UNDER SECTION 12-46-104 (1) (c), 12-47-407, OR
20 12-47-408.

21 **SECTION 17.** In Colorado Revised Statutes, 12-47-104, **amend**
22 (2) (c) as follows:

23 **12-47-104. Wine shipments - permits.** (2) A winery direct
24 shipper's permit may be issued to only a person who applies for such
25 permit to the state licensing authority and who:

26 (c) Except as provided in sections 12-47-402 (1) and 12-47-406
27 (3), does not directly or indirectly have any financial interest in a

1 Colorado wholesaler or retailer licensed pursuant to section 12-47-406,
2 or 12-47-407, OR 12-47-408.

3 **SECTION 18. Appropriation.** (1) For the 2016-17 state fiscal
4 year, \$398,682 is appropriated to the department of revenue. This
5 appropriation is from the liquor enforcement division and state licensing
6 authority cash fund created in section 24-35-401, C.R.S. To implement
7 this act, the department may use this appropriation as follows:

8 (a) \$153,195 for use by the liquor and tobacco enforcement
9 division for personal services, which amount is based on an assumption
10 that the division will require an additional 2.4 FTE;

11 (b) \$17,463 for use by the liquor and tobacco enforcement
12 division for operating expenses; and

13 (c) \$228,024 for the purchase of legal services.

14 (2) For the 2016-17 state fiscal year, \$228,024 is appropriated to
15 the department of law. This appropriation is from reappropriated funds
16 received from the department of revenue under paragraph (c) of
17 subsection (1) of this section and is based on an assumption that the
18 department of law will require an additional 1.3 FTE. To implement this
19 act, the department of law may use this appropriation to provide legal
20 services for the department of revenue.

21 (3) For the 2016-17 state fiscal year, \$2,135 is appropriated to the
22 department of public safety for use by the Colorado bureau of
23 investigation. This appropriation is from the Colorado bureau of
24 investigation identification unit fund created in section 24-33.5-426,
25 C.R.S. To implement this act, the bureau may use this appropriation for
26 personal services and operating expenses related to identification.

27 **SECTION 19. Effective date.** This act takes effect July 1, 2016;

1 except that sections 3 and 4 of this act, section 12-47-103 (19), Colorado
2 Revised Statutes, as amended in section 6 of this act, section 12-47-202
3 (2) (a) (I) (S), Colorado Revised Statutes, as repealed in section 7 of this
4 act, and section 12-47-901 (8), Colorado Revised Statutes, as repealed in
5 section 16 of this act, take effect January 1, 2019.

6 **SECTION 20. Safety clause.** The general assembly hereby finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, and safety.