

DEPARTMENT OF REVENUE

Liquor Enforcement Division

COLORADO LIQUOR RULES

1 CCR 203-2

Regulation 47-307. Master Files.

Basis and Purpose. The statutory authority for this regulation ~~is located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), and 44-3-304(1)(d), C.R.S. The purpose of this regulation is to establish rules governing master files, and the minimum number of locations required for master file privileges.

- A. Any person or entity seeking the issuance of a state master file pursuant to section 44-3-304(1)(b), C.R.S. shall have an interest in a minimum of five (5) APPROVED state licenses issued, ~~or five (5) license applications filed within a year of the master file application,~~ pursuant to articles 3 and/or 4 of title 44, C.R.S.
- B. An applicant for master file can meet the minimum requirements of this regulation by having an interest in separate licensed locations, as long as there are a minimum of five (5) total licenses APPROVED issued ~~and/or applications pending.~~
- C. To maintain a state master file, once approved and established, the licensee shall comply with section 44-3-301(7), C.R.S. and Regulation 47-304 as it relates to the timely disclosure of any change in structure. Repeated failure to comply with timely advisement to the state licensing authority shall be grounds for the state licensing authority to suspend or revoke a licensee's master file privileges.
- D. ~~Licensees that originally qualified for a state master file, but who subsequently fall below the required five license minimum due to business closures may maintain their master file and continue to renew the remaining licenses as master file licensees.~~ ANY LICENSED PREMISES INCLUDED IN A MASTER FILE MUST BE CONSTRUCTED AND PLACED IN OPERATION WITHIN TWO (2) YEARS OF APPROVAL OF THE LICENSE IN ORDER TO BE CONSIDERED PART OF THE MASTER FILE.
- E. No local licensing authority shall require applicants with an approved master file to file additional fingerprints or background investigation forms. Nothing in this section shall prohibit a local licensing authority from conducting its own investigation, or from verifying any of the information provided by the applicant, or from denying the application of the applicant pursuant to the provisions set forth in section 44-3-307, C.R.S.

Regulation 47-309. Sports and Entertainment Venues.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), and 44-3-301(6), C.R.S. The purpose of this regulation is to establish guidelines for the sale of alcohol beverages in sports and entertainment venues with at least one thousand five hundred (1,500) seats.

- A. This regulation shall apply to licensees at facilities owned by a municipality, county, or special district, or at publicly or privately owned sports and entertainment venue with a minimum seating capacity of one thousand five hundred (1,500) seats.
- B. Licensees authorized to sell alcohol beverages in these venues may sell or provide alcohol beverages in sealed containers to adult occupants of LUXURY BOXES ~~areas within the licensed premises that have limited public access.~~
- C. Licensees are otherwise responsible for any violations of the Colorado Liquor Code within such limited public access areas and shall not prevent inspection of the premises by any law enforcement official.
- D. The licensee shall not allow any person to bring alcohol beverages onto the licensed premises that were not purchased from or PROVIDED BY the licensee, or allow any person to leave the licensed premises with a container of alcohol beverage that was purchased from OR PROVIDED BY the licensee.

Regulation 47-310. Application - General Provisions.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), 44-3-304(1), and 44-3-307, C.R.S. The purpose of this regulation is to establish requirements for a license application, and provide factors the licensing authority must consider when evaluating an application for approval or rejection.

- A. All applications for state licenses for the manufacture or sale of alcohol beverages shall be made upon forms prescribed by the Division. No application will be considered which is not complete in every material detail, or which is not accompanied by a remittance in full for the whole amount of the annual state license fee, and eighty five percent of the local license fee. Each application for a new retail license shall contain a report from the local licensing authority of the town, city, county, or city and county, in which the applicant proposes to conduct its business, which report shall show the opinion of the local licensing authority concerning the reasonable requirements of the neighborhood and the desires of the adult inhabitants with respect to the issuance of the license applied for and the character of a new applicant.
- B. If the applicant for a license is a partnership, except as between a husband and wife, it shall submit with the application a certificate of co-partnership.
- C. Upon request of any licensing authority, each applicant for license shall provide suitable additional evidence of its citizenship, residence, and good character and reputation, and also of the reasonable requirements of the neighborhood and the desires of the adult inhabitants. Applicants and licensees shall also submit upon request of any licensing authority all required information concerning financial and management associations and interests of other persons in the business, and the deed, lease, contract, or other document governing the terms and conditions of occupancy of the premises licensed or proposed to be licensed.
- D. All information submitted to any licensing authority, by application for license or otherwise, shall be given fully, faithfully, truthfully and fairly. Willful or deliberate misrepresentation may result in a denial or revocation of a license.
- E. When a licensing authority is required to make a determination as to the character, record and reputation of existing licensees or applicants for new licenses, including transfers of ownership of existing licenses, the authority may consider the following factors, which may include but not be limited to the following:
 - 1. Subject to 24-5-101, C.R.S., the applicant or licensee has knowingly submitted false applications, made willful misrepresentations and/or knowingly committed fraudulent acts;
 - 2. The applicant or licensee has a criminal history of crimes of moral turpitude. By way of example, crimes of moral turpitude shall include but not be limited to, fraud, forgery, murder, burglary, robbery, arson, kidnapping, sexual assault, illegal drugs or narcotics convictions;
 - 3. The applicant or licensee has had previous alcohol beverage licenses denied or revoked as a result of violations of law, resulting in a finding of bad moral character by any licensing authority;
 - 4. The applicant or licensee has been found to be ~~currently~~ delinquent in the payment of any state or local taxes related to a business;
 - 5. The applicant or licensee has an established pattern of multiple statutory violations which resulted in the revocation or denial of any other professional license.

6. The finding of a person who is not of good moral character by any licensing authority.
- F. Pursuant to 24-5-101, C.R.S., when making a determination as to the character, record or reputation of a licensee or applicant as required by title 44, articles 3, 4 and 5, the licensing authority shall also consider evidence of rehabilitation. Such evidence may include, but not be limited to, evidence of no criminal history record information, educational achievements, financial solvency, community standing, lack of additional arrests or convictions, or the lack of parole or probation violations since the date of last conviction.
 - G. When considering whether the applicant for a special event permit is of good moral character and record, the state or local licensing authority shall determine, at a minimum, whether the applicant failed to conduct past special events in compliance with applicable liquor laws. Officers of the organization or of a political candidate making application shall not be required to submit individual history applications and fingerprint cards unless the state or local licensing authority determines that such information is necessary to establish the good moral character of the applicant.

Regulation 47-311. Public Transportation System License.

Basis and Purpose. The statutory authority for this regulation is ~~located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b) and 44-3-202(2)(a)(I)(A), AND 44-3-421, C.R.S. The purpose of this regulation is to make clear that under the specified circumstances a commercial airline must apply for and receive a public transportation system license.

In addition to any public system transportation licenses issued for a permanent licensed premises, a commercial airline shall apply for and receive a public system transportation license for an airplane if any of the following conditions are met:

- A. Alcohol beverages are sold or served while the airplane is stationary anywhere in the State of Colorado; or
- B. Alcohol beverages are purchased from a Colorado Wholesaler; or
- C. Alcohol beverages are stored on the airplane for more than twenty-four (24) hours while in the State of Colorado.

Regulation 47-312. Change of Location.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-103, 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), and 44-3-202(2)(a)(I)(D), 44-3-202(2)(a)(I)(R), 44-3-301(9), ~~44-3-303~~, 44-3-309, AND 44-3-410, C.R.S. The purpose of this regulation is to establish procedures for a licensee requesting to change the location of the licensed premises, and provide factors the licensing authority must consider when evaluating a change for approval or rejection.

- A. When a licensee for the manufacture or sale of alcohol beverages desires to change the location of its licensed premises from ~~that~~ THE LOCATION named in an existing license, it shall make application to the applicable licensing authorities for permission to change location to the place where such license is to be exercised, except that an application for change of location shall not be required for the demolition and reconstruction of the building in which the original licensed premises was located.
- B. Applications to change location shall be made upon forms prepared by the state licensing authority and shall be complete in every detail. Each such application shall state the reason for such change, and in case of a retail license, shall be supported by evidence that the proposed change will not conflict with the desires of the adult inhabitants and the reasonable requirements of the neighborhood in the vicinity of the new location. An application to change the location of a retail license shall contain a report of the local licensing authority of the town, city, county, or city and county in which the license is to be exercised. Such report shall describe the findings of the local licensing authority concerning the reasonable requirements of the neighborhood and the desires of the adult inhabitants with respect to the new location, except that in the change of location for a club license, the needs of the neighborhood need not be considered. When a licensee is required by lease, lease renewal, condemnation, or reconstruction to move its licensed premises to a new address that is located within the same shopping center, campus, fairground, or similar retail center, the local or state licensing authority may, at its discretion, waive the neighborhood needs and desires assessment requirements should it determine that the new location remains within the same neighborhood as the old location.
- C. For retail licenses, no change of location shall be permitted until the state licensing authority has, after approval of the local licensing authority, considered the application and such additional information as it may require, and approved of such change. The licensee shall, within sixty (60) days of approval, change the location of its licensed premises to the place specified therein. Once at the new location, the licensee shall no longer conduct the manufacture or sale of alcohol beverages at the former location. A local licensing authority may, at its discretion, extend the time to change the location of the licensed premises, for good cause shown. However, no extension that is beyond twelve (12) months from the original date of approval shall be granted.
- D. For those licensees not subject to approval by the local licensing authority, no change of location shall be permitted until the state licensing authority has considered the application and such additional information as it may require, and approved of such change. The licensee shall, within sixty (60) days of approval, change the location of its licensed premises to the place specified therein. Once at the new location, the licensee shall no longer conduct the manufacture or sale of alcohol beverages at the former location. The state licensing authority may, at its discretion, extend the time to change the location, for good cause shown. However, no extension that is beyond twelve months from the original date of approval shall be granted.
- E. Once the licensee has changed ~~it~~ ITS licensed location, the permit to change location shall be conspicuously displayed at the new location, immediately adjacent to the license to which it pertains UNTIL THE LICENSE IS RENEWED.
- F. For retail licenses no change of location shall be allowed except to another location within the same city, town, county, or city and county in which the license was originally issued. Except, a

retail liquor store licensed on or before January 1, 2016, may apply to move its permanent location to another place within or outside the municipality or county in which the license was originally granted. ~~It is unlawful for the retail liquor store licensee to sell any alcohol beverages at the new location until such application is approved by the state and local licensing authorities.~~ Once approved, the retail liquor store licensee shall change the location of its premises within three (3) years after such approval. ~~A change of location of a retail liquor store within the same jurisdiction is not subject to the distance requirement pursuant to section 44-3-301(12)(a), C.R.S.~~ A CHANGE OF LOCATION FOR A FERMENTED MALT BEVERAGE RETAILER OR RETAIL LIQUOR STORE WILL BE APPROVED ONLY IF THE NEW LOCATION SATISFIES THE DISTANCE REQUIREMENTS IN SECTION 44-3-301(9)(A)(I)(B)-(C), C.R.S. IT IS UNLAWFUL FOR A LICENSEE TO SELL ANY ALCOHOL BEVERAGE AT A NEW LOCATION UNTIL PERMISSION IS GRANTED BY THE STATE LICENSING AND LOCAL LICENSING AUTHORITIES.

- G. Upon application for change of location, public notice shall be required by the local licensing authority in accordance with Section 44-3-311, C.R.S.
- H. ~~Prohibited Area.~~ A licensee located within 500 feet from any public or parochial school or principal campus of any college, university or seminary may apply for a change of location within the same prohibited area in accordance with the requirements of section 44-3-301(9), C.R.S., but may not apply for a change of location within any other prohibited area as defined within section 44-3-313, C.R.S.

Regulation 47-313. Tastings.

Basis and Purpose. The statutory authority for this regulation is ~~located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-103, 44-3-202(1)(b) and 44-3-202(2)(a)(I)(A), 44-3-202(2)(a)(I)(R), AND 44-3-301(10), C.R.S. The purpose of this regulation is to clarify who may conduct tastings and how open and unconsumed samples must be appropriately treated after a tasting.

A. Tastings.

1. A tasting shall be conducted only by a person who has completed seller-server training that meets the standards established by the Division, and is:
 - a. A retail liquor store or liquor-licensed drugstore licensee or employee; or
 - b. A representative, employee, or agent of one of the following suppliers licensed by the state licensing authority:
 - i. Wholesaler;
 - ii. Brew pub;
 - iii. Distillery pub;
 - iv. Manufacturer;
 - v. Limited winery;
 - vi. Importer; or
 - vii. Vintner's restaurant.

B. Following a tasting, the licensee shall promptly remove all open and unconsumed alcohol beverage samples from the licensed premises, destroy the samples immediately following the completion of the tasting, or store any open containers of unconsumed alcohol beverages in a secure area outside the sales area of the licensed premises for use only at a tasting conducted at a later time or date. A secure area means:

1. A designated area, including, but not limited to, a closet, cabinet, or safe;
2. That is upon the licensed premises and not accessible to consumers; and
3. Is secured by a locking mechanism at all times while any open containers of unconsumed alcohol beverages are stored for use at a future tasting.

C. TO ENSURE ALCOHOL SAMPLES ARE PROVIDED TO A PATRON FREE OF CHARGE, AS REQUIRED BY SECTION 44-301(10)(C)(X), C.R.S., THE LICENSEE SHALL NOT CHARGE OR ACCEPT ANY MONEY FOR A TASTING, DIRECTLY OR INDIRECTLY, INCLUDING FOR ANY EDUCATION PROVIDED IN CONNECTION WITH A TASTING, OR TO RESERVE A SPOT AT A TASTING EVENT, REGARDLESS OF WHETHER THE MONEY CHARGED IS DONATED TO A CHARITY OR IS REFUNDABLE.

D. TO COMPLY WITH THE OBLIGATION NOT TO SERVE MORE THAN FOUR INDIVIDUAL SAMPLES TO A PATRON DURING A TASTING, AS REQUIRED BY SECTION 44-3-301(10)(C)(IX), C.R.S., THE LICENSEE SHALL IMPLEMENT A MEANS OF TRACKING HOW MANY SAMPLES EACH CUSTOMER IS PROVIDED, WHICH MAY INCLUDE THE USE OF A WRISTBAND, HAND-STAMP, OR OTHER MEANS OF ACCURATELY TRACKING INDIVIDUAL PATRON CONSUMPTION.

Regulation 47-314. Limited Liability Company.

Basis and Purpose. The statutory authority for this regulation is ~~located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), ~~and~~ 44-3-202(2)(a)(I)(J), 44-3-202(2)(a)(I)(R), 44-3-301(7), and 44-3-307(1), C.R.S. The purpose of this regulation is to establish reporting and disclosure requirements for the identification of a limited liability company's managers, and applicable members and their relevant financial interests in order to promote transparency and avoid violations of statutorily prohibited overlapping financial interests.

- A. A Limited Liability Company may conduct any business that a partnership with limited partners may lawfully conduct and may not conduct any business that is prohibited by law to such partnership. Such limited liability company shall be in full conformity with 7-80-101, C.R.S.
- B. Each Limited Liability Company licensed pursuant to this Article or Article 4, of Title 44, shall report changes of any of its managers, OR CHANGES THAT CAUSE ANY MEMBER TO HAVE A 10% OR MORE INTEREST IN THE LICENSE, EXCEPT THAT ANY TRANSFER OF A CONTROLLING INTEREST SHALL BE REPORTED REGARDLESS OF ITS SIZE, within THIRTY 30 days from the date of the change, and shall submit said information to the respective local or state licensing authorities on forms approved by the Division. ~~A report shall also be required for changes of any member having a 10% or more interest in the licensee.~~

Regulation 47-315. Lodging and Entertainment License.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), 44-3-202(2)(a)(I)(C), 44-3-202(2)(a)(I)(L), and 44-3-202(2)(a)(I)(R), C.R.S. The purpose of this regulation is to describe those sports and entertainment activities which qualify an establishment as an entertainment facility. Additionally, the purpose of this regulation is to describe how to determine the primary business of a lodging and entertainment facility.

- A. In addition to other statutory requirements, a lodging and entertainment license may be issued to a qualifying lodging and entertainment facility. A “lodging and entertainment facility” is an establishment that is either:
1. A “lodging facility,” the primary business of which is to provide the public with sleeping rooms and meeting facilities; or
 2. An “entertainment facility,” the primary purpose of which is to provide the public with sports or entertainment activities within its licensed premises.
- B. To qualify as an entertainment facility, the applicant or lodging and entertainment licensee must demonstrate that its primary business is to provide qualifying sports or entertainment activities within its licensed premises.
1. To qualify as a sports activity, the activity must provide the public with an opportunity to participate in, or to observe others who participate in, an activity such as a game, recreation, team or individual sport, or an activity of a similar nature. Examples of qualifying sports activities include, but are not limited to, the following:
 - a. Arcade games;
 - b. Billiards;
 - c. Bowling;
 - d. Golf; or
 - e. Laser tag.
 2. To qualify as an entertainment activity, the activity must provide the public with an opportunity to participate in or observe others who participate in an activity that is primarily artistic, cultural, educational, or entertaining, or an activity of a similar nature. Examples of qualifying entertainment activities include, but are not limited to, the following:
 - a. Artistic exhibitions, films, or performances;
 - b. Arts and crafts classes;
 - c. Cooking classes;
 - d. Amusement rides; or
 - e. Spa experiences.
 - i. For purposes of this regulation, to qualify as a “spa experience” the

facility must offer at least three (3) of the following treatments and experiences:

- A. Facials;
- B. Massage therapy;
- C. Skin treatment;
- D. Body wraps; or
- E. Body waxing.

3. The following activities shall not qualify as entertainment activities for purposes of an entertainment facility:
 - a. Any activity not described in subparagraphs (B)(1) or (B)(2) of this regulation; and
 - b. Shopping for or receiving goods or personal services, including but not limited to hair care or nail care services.
- C. An activity that would otherwise qualify under subparagraphs (B)(1) and (B)(2) of this regulation, shall not qualify if the activity involves the use of a deadly weapon as defined by subsection 18-1-901(3)(e), C.R.S., or creates a substantial health and safety risk to any person.
- D. Determining the primary business of a lodging and entertainment facility.
 1. To satisfy the requirement that the primary business of a lodging facility is to provide the public with sleeping rooms and meeting facilities, and that serving and selling alcohol beverages is incidental thereto, the lodging facility's annual gross revenues from the sale of sleeping rooms and meeting facilities must exceed fifty (50) percent of the lodging facility's total annual gross sales revenues.
 2. To satisfy the requirement that the primary business of an entertainment facility is to provide the public with sports or entertainment activities, and that serving and selling alcohol beverages is incidental thereto, the entertainment facility's annual gross revenues from the sale of sports or entertainment activities must exceed fifty (50) percent of the entertainment facility's total annual gross sales revenues.

Regulation 47-316. Advertising Practices

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-103, 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), and 44-3-202(2)(a)(I)(G), 44-3-202(2)(a)(I)(O), AND 44-3-308, C.R.S. The purpose of this regulation is to establish certain permitted and prohibited advertising practices between suppliers and retailers.

A. Consumer Advertising Specialties

1. “Consumer advertising specialties” shall mean those items PRIMARILY designed to advertise or promote a specific alcohol beverage brand or supplier, AND THAT HAVE NEGLIGIBLE VALUE. CONSUMER ADVERTISING SPECIALTIES ARE CONSIDERED TO BE OF NEGLIGIBLE VALUE IF THE SUPPLIERS’ COST TO PURCHASE THE CONSUMER ADVERTISING SPECIALTIES IS LESS THAN TEN (10) DOLLARS PER ITEM. ~~that have a utilitarian function to the consumer in addition to product promotion and that are intended and designed to be carried away by the consumer. Consumer advertising specialties shall include: t-shirts, caps, visors, bottle or can openers, cork screws, printed recipes, pencils, pens, pins, buttons, matches, computer flash and jump drives (not to exceed 8 GB), computer mouse pads, shopping bags, key chains, paper or plastic cups and plates, and similar items of negligible value, as approved by the Division. For purposes of this regulation, glassware and plates do not qualify as consumer advertising specialties.~~ T-SHIRTS AND HATS ARE CONSIDERED TO BE OF NEGLIGIBLE VALUE IF THE SUPPLIERS’ COST TO PURCHASE A SINGLE T-SHIRT OR HAT IS LESS THAN TWENTY-FIVE (25) DOLLARS PER ITEM.
2. Suppliers may provide consumer advertising specialties OF NEGLIGIBLE VALUE free of charge to a licensed retailer, so long as ~~they~~ THE CONSUMER ADVERTISING SPECIALTIES contain an advertising message that promotes the supplier or their products, and do not contain any information, markings, or logos that are specific to a retailer. NO SUPPLIER MAY PROVIDE CONSUMER ADVERTISING SPECIALTIES TO ANY RETAILER IN AN AMOUNT THAT EXCEEDS [LED STILL REQUESTING INDUSTRY INPUT ON REASONABLE ANNUAL CAP] DOLLARS PER YEAR, PER RETAIL LOCATION, AS MEASURED BY THE SUPPLIER’S PURCHASING COST FOR THE CONSUMER ADVERTISING SPECIALTIES.
3. Consumer advertising specialties that contain any information, markings, or logos specific to a licensed retailer may not be provided free of charge, but must be purchased by a retailer at a minimum of the supplier’s cost.
4. Licensees must have available for inspection those customary business records that verify these transactions, in accordance WITH SECTION 44-3-701, C.R.S., and for the time frame specified in Regulation 47-700.

B. Point-of-Sale Advertising

1. “Point-of-sale advertising” shall mean alcohol beverage brand-specific or supplier-specific promotional materials, within a retailer’s licensed premises. Such items may also include a retailer’s name and address.
2. Suppliers may provide the following point-of-sale advertising materials OF NEGLIGIBLE VALUE to licensed retailers free of charge for use within retail premises: display decorations of negligible value, table tents, table tent holders, sports schedules and brackets, case cards, serving trays, condiment trays, bar utensil caddies, stir rods, strainers, presses, check and credit card holders, shakers, pitchers, table mats, bar mats, alcohol beverage lists or menus, menu cards, menu holders, calendars, napkins, napkin holders, coasters, stir sticks, and similar items of negligible value, as approved by the Division. POINT-OF-SALE ADVERTISING MATERIALS ARE CONSIDERED TO BE OF NEGLIGIBLE

VALUE IF THE SUPPLIER'S COST TO PURCHASE THE POINT-OF-SALE ADVERTISING MATERIALS IS LESS THAN TEN (10) DOLLARS PER ITEM. NO SUPPLIER MAY PROVIDE POINT-OF-SALE ADVERTISING MATERIALS TO ANY RETAILER IN AN AMOUNT THAT EXCEEDS [LED STILL REQUESTING INDUSTRY INPUT ON REASONABLE ANNUAL CAP], PER RETAIL LOCATION, AS MEASURED BY THE SUPPLIER'S PURCHASING COST FOR THE POINT-OF-SALE ADVERTISING MATERIALS.

3. A supplier may advertise, within retail premises, alcohol beverage products, consumer mail-in rebate offers, consumer giveaways, sweepstakes, contests, and cross promotions with non-alcohol beverage products. Suppliers may also provide contest and sweepstakes information and consumer entry forms.
4. Supplier Rebates for Consumers and Supplier Coupons

Supplier rebates and coupons, as contemplated in this regulation, are a permitted method of alcohol beverage product promotion if they are intended to reach the consumer through permitted advertising practices, and to provide the consumer with a direct financial benefit through the redemption process. Rebates and coupons may not be used as a means of financial assistance to licensed retailers or as a means to influence or control a retailer's product selection.

- a. A supplier's "consumer rebate" provides a consumer with cash back after the consumer has purchased a supplier's product and has provided proof of product purchase upon redemption.
 - i. A supplier may provide consumer rebate certificates to consumers through point-of-sale advertising (such as tear pads, shelf talkers, case cards, or other point-of-sales materials), package inserts, or other printed or electronic media.
 - ii. A supplier's consumer rebate certificate may not be redeemed through a licensed retailer.
- b. A supplier's "instant redeemable coupon" provides a consumer with a discount off of the retailer's selling price of an alcohol beverage product, at the time it is redeemed through a licensed retailer.
 - i. Licensed retailers may redeem suppliers' instant redeemable coupons only after they have been made available to consumers through general print or electronic media directed at the consumer; package inserts; or, a supplier's representative or agent, who is not the retailer or their agent, who is providing coupons to consumers at the retail premises for the purpose of product promotion.
 - ii. Licensed retailers are prohibited from accepting and redeeming any supplier-issued instant redeemable coupons unless redemption included presentation of the coupon by a consumer with the purchase of the product advertised therein, or in accordance with other applicable redemption rules specified by the supplier or their marketing agents.
 - iii. Suppliers are prohibited from providing their instant redeemable coupons directly to licensed retailers, except when said coupons are packaged with, or attached to, each individual product package before such products are delivered to a licensed retailer.
 - iv. Suppliers may never reimburse licensed retailers for suppliers' instant

redeemable coupons. Redemption must be through a third party that is independent from the supplier and the retailer.

- v. Retailers must have available for inspection, applicable business and banking records that verify these transactions, in accordance with 44-3-701, C.R.S., and for the time frame specified in Regulation 47-700. Verification may include the retailer's reconciliation of coupons redeemed to related products sold to consumers.

5. Supplier Give-A-Ways and Displays OF CONSUMER CONTEST ITEMS:

A supplier may advertise, within retail premises, alcohol beverage products, via consumer mail-in rebate offers, consumer give-a-ways, sweepstakes, contests, and cross promotions with non-alcohol beverage products. Suppliers may also provide contest and sweepstakes information and consumer entry forms. Further, suppliers may provide items, subject to the regulations below, to be given away in a consumer give-a-way, sweepstake or contest.

For consumer give-a-ways, sweepstake or contests, (collectively "Consumer Contest") the following regulations shall apply:

- a. No item provided as part of a Consumer Contest may be awarded to, received by or otherwise kept by the licensee or any of the licensee's employees or an employee's immediate or extended family members.
- b. No item provided as part of a Consumer Contest may be awarded to, received by or otherwise kept by a supplier licensee that is providing alcohol beverage products to the retail licensee or any of the supplier licensee's employees or any supplier licensee's employee's immediate or extended family members.
- c. Any item(s) to be given away in a Consumer Contest must be awarded and given to the winning consumer within the time afforded by this regulation. Otherwise the item(s) must be returned to the supplier who will be responsible for awarding the item(s) to the winner.
- d. The actual item(s) that is(are) part of the Consumer Contest shall be delivered to the retail license premises together with an invoice made out to the retail licensee for not less than the actual cost of the item(s). The retail licensee shall be responsible for and required to pay the invoice cost for the item unless the retail licensee can establish to the satisfaction of the Division that the item(s) was (were) in fact presented to the winning consumer in accordance with the rules of the Consumer Contest. Both the retail licensee and the supplier of the item shall each maintain in their respective records proof establishing that the item(s) was(were) delivered to the winning consumer. Such records shall include but not be limited to a signed acknowledgement of receipt of the item(s) by the winning consumer which acknowledgment shall include a valid form of identification proving the identity of the consumer, the consumer's name, address, phone number, e-mail address (if available) and the date on which the item was presented to the consumer. In addition, the records shall include the name and position of the person or persons presenting the item to the consumer sufficient so that the Division can verify that the item was presented to the Consumer Contest winner.
- e. The Consumer Contest, including the drawing period, shall not last longer than 60 days.

- f. In the event that the supplier does not have the signed acknowledgement of receipt from the consumer within 30 days of the end of the Consumer Contest, it is the responsibility of both the retail licensee and the supplier, that payment in full of the invoice by the retail licensee is made to the supplier for the item(s). Absent payment within 24 hours of the expiration of the 30 day period, no supplier representing the brand advertised in the Consumer Contest shall be permitted to sell or otherwise provide any product to the retail licensee until the invoice is paid in full.
- g. Entrance into the Consumer Contest is not contingent on any purchases.
- h. The actual item(s) that is (are) part of the Consumer Contest may be on display in the licensed premises only during the period of the Consumer Contest. At the end of the contest period, the item(s) may be stored at the retailer location for no more than 30 days following the end of the Consumer Contest period.
- i. The item(s) must be properly identified in signage as a prize that is part of the Consumer Contest, e.g. "Win this Umbrella."
- j. Signage shall display the starting date and ending date of the Consumer Contest, the name of the company providing the item(s), and all other relevant terms and conditions of the Consumer Contest.
- ~~k. Failure to comply with this Regulation shall be considered a violation of the Regulation.~~

C. Media Advertising

- 1. Except as provided in Regulations 47-322(B) and 47-322(C), and subsection (C)(3) of this regulation, no supplier shall directly or indirectly furnish or pay for any advertising for or with respect to any one or more retail licensee by means of the internet, device applications (apps), radio or television broadcast, magazines, newspapers, pamphlets, or similar media, or by means of any sign not located on or in the licensed premises of the retailer which is advertised.
- 2. Except as provided in Regulations 47-322(B) and 47-322(C), suppliers that purchase internet, device applications (apps), radio or television advertising packages from third party advertising agencies:
 - a. May not authorize the advertising agency to apply any value attributable to the supplier's advertising package toward the advertising or promotion of any licensed retailer or their location.
 - b. May not authorize the advertising agency to combine supplier-purchased advertising packages with those purchased by licensed retailers, for the purpose and benefit of cooperative advertising.
- 3. A supplier may directly or indirectly advertise for or with respect to any one (1) or more retailers that sell the supplier's alcohol beverages, via the supplier's internet websites (including forums such as a supplier's Facebook page, blog or device applications (apps)) and electronic advertising messages delivered directly to consumers' private electronic devices.
- 4. Closed-circuit television advertising networks, or similar advertising networks, that

deliver advertising messages to consumers are permitted in retail licensed premises with the following conditions:

- a. A supplier may not provide a licensed retailer with any electronic equipment necessary to deliver network advertising.
 - b. A licensed retailer may not receive revenues, directly or indirectly, from licensed suppliers who advertise on the network. Revenue from non-alcohol beverage suppliers who advertise on the same network, which can be clearly distinguished by the network advertiser from supplier revenues, are permitted provided that the retailer can document that the source of the revenue is not a licensed supplier.
 - c. The advertising network and all related advertising receipts and distributions must be controlled by third party entities who are not licensed pursuant to article 3 or 4 of title 44, and who are wholly independent, in both form and substance, of any licensed supplier or retailer.
- D. Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 5 of title 44, and related regulations, and such organization does not otherwise hold a retail license pursuant to articles 3 or 4 of title 44. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.
- E. Except as otherwise provided for in this regulation, no supplier shall directly or indirectly pay to any retailer, and no retailer shall accept, any value or consideration in connection with or for the right or privilege of posting or maintaining any advertising message, on or in, or relating to a retailer's licensed premises.

Regulation 47-317. Market Research – Non-Licensed Locations.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-202(1)(b), and 44-3-202(2)(a)(I)(A), C.R.S. The purpose of 1 C.C.R. 203-2, Regulation 47-317 is to provide guidance regarding the circumstances and processes under which consumer market research may be conducted on non-licensed premises.

Market research alcohol beverage consumer taste tests on an unlicensed liquor premises are authorized subject to the following guidelines:

- A. The research company may contact people and conduct taste tests at shopping malls or other public meeting places, but the taste tests must take place in a non-public area.
- B. All participants must be 21 years of age or older and not exhibit visible signs of intoxication.
- C. There shall be no charge or fee to participate in the taste test, however, the participant may be paid for participating in the market research.
- D. The product tasted must come through the 3-tier system to a Colorado wholesaler and the excise tax on the product has been paid.
- E. The product must be purchased from a liquor licensee authorized to sell alcohol beverages for off-premises consumption.
- F. The research company must notify the Division in writing of the date, time and location of the tasting prior to the taste tests.
- G. Taste tests will be limited to two days per week between the hours of 2:00 PM and 8:00 PM at each location and to a maximum of 100 participants.
- H. Results of market research where competitors' products are being used may not be used in advertising.
- I. Failure to follow this regulation could result in the loss of the ability to conduct marketing research pursuant to this regulation.

Regulation 47-328. Entertainment Districts.

Basis and Purpose. The statutory authority for this regulation is ~~located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, SUBSECTIONS 44-3-103, 44-3-202(1)(b), 44-3-202(2)(a)(I)(R), and 44-3-202(2)(a)(I)(C), C.R.S. The purpose of this regulation is to establish a mechanism for a local licensing authority to notify the state licensing authority when an entertainment district is created or modified within the local licensing authority's jurisdiction so that the state licensing authority is aware of the entertainment district and the varying local ordinances governing entertainment districts in accordance with the provisions of subsection 44-3-301(11), C.R.S.

Within fifteen (15) days of the creation of an entertainment district pursuant to section 44-3-301(11), C.R.S., a local licensing authority shall notify the state licensing authority of the entertainment district, and provide (1) a map of the entertainment district and any common consumption areas, (2) a list of licensed premises attached to any common consumption area, and (3) the hours of operation for any common consumption area and attached licensed premises. Changes to an existing entertainment district shall be reported to the state licensing authority by the local licensing authority within fifteen (15) days of such changes.

Regulation 47-318. Owner-Manager.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(B), ~~44-3-202(2)(a)(I)(C)~~, and 44-3-202(2)(a)(I)(J), 44-3-202(2)(a)(I)(R), C.R.S. The purpose of this regulation is to define the difference between a licensee/owner and a manager, and TO CLARIFY the ALLOWABLE method of payment to the manager.

- A. Each license under the Colorado Liquor or Beer Codes must be held by the owner of the LICENSED establishment, ~~which is licensed~~. "Owner" means the person or persons whose proprietary interest is such that they bear risk of loss other than as an insurer, and have opportunity to gain profit from operation or sale of the establishment.

In determining who is the "owner", elements considered ~~beside~~ OTHER THAN risk of loss and opportunity for profit will include, BUT ARE NOT LIMITED TO: WHO HAS THE RIGHT OF POSSESSION OF THE LICENSED PREMISES, who controls the licensee, who guarantees its debts, who is beneficiary under its insurance policies, AND who acknowledges liability for federal, state or local taxes.

- B. Owners may hire managers, and managers may be compensated on the basis of profits made, gross or net. In such cases, (except through an I.R.S. qualified retirement account), the financial interests of the manager(s) must be reported on the forms prescribed by the Division. The manager may be required to complete an individual history report and be subject to a background check. A license may not be held in the name of the manager.
- C. A spouse of a licensee may hold a license in their own right if they are the owner of the licensed establishment, regardless of whether they file separate or joint income tax returns.
- D. A partnership interest, limited or general, a joint venture interest, or ownership of a share or shares in a corporation which is licensed, constitutes ownership.

Regulation 47-319. Liquor-Licensed Drugstore Manager Permit.

Basis and Purpose. The statutory authority for this regulation is found at subsections INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(B), 44-3-202(2)(a)(I)(R), 44-3-410(6), and 44-3-427, C.R.S. The purpose of this regulation is to provide guidance and clarity to licensees regarding statutory requirements found in sections 44-3-410(6) and 44-3-427, C.R.S. involving manager's permits and when a permitted manager is required.

- A. A liquor-licensed drugstore permitted manager is a person who has been designated by the licensee as a person who is in actual control of the liquor-licensed drugstore's alcohol beverage operations, including purchases of alcohol beverages from a licensed wholesaler in accordance with sections 44-3-410(6) and 44-3-427(1), C.R.S.
- B. A liquor-licensed drugstore ~~that receives a license after January 1, 2017~~ shall have a permitted manager on duty and working on the licensed premises during all hours of operation.
- C. A liquor-licensed drugstore licensee must submit an application for each permitted manager with the Division on forms approved by the State Licensing Authority. The manager permit is an annual permit that is renewed every year.
- D. All liquor-licensed drugstore alcohol orders shall only be made by a person who has a valid manager permit pursuant to section 44-3-427, C.R.S.

Regulation 47-320. Signs and Interior Displays.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(G), 44-3-202(2)(a)(I)(H), 44-3-202(2)(a)(I)(R), and section 44-3-308, C.R.S. The purpose of this regulation is to establish certain permitted and prohibited sign and display practices between suppliers and retailers in order to clarify and prevent statutorily prohibited financial assistance between tiers.

- A. For purposes of this regulation, "signs" shall mean any visual message intended for the consumer that is located within, or on the exterior of, licensed premises for the purpose of displaying advertising messages or other information related to alcohol beverage suppliers or their products.
- B. A supplier's signs, illuminated or otherwise, that may be provided free of charge to a licensed retailer, shall be composed of any standard, pre-manufactured material such as paper, plastic, glass (including mirrored glass), cloth, metal, or programmable electronic components, and shall have no other utilitarian value. MURALS AND OTHER PERMANENTLY INSTALLED WORKS OF ART THAT ARE NOT COMPRISED OF PRE-MANUFACTURED MATERIALS MAY NOT BE PROVIDED TO A LICENSED RETAILER FREE OF CHARGE.
- C. The term "displays within such premises," hereinafter referred to as "interior displays," shall mean all non-refrigerated racks, bins, barrels, casks, shelving, or similar items, the primary function of which is to hold, shelve, or display alcohol beverages within retail premises.
- D. A supplier's standard interior display that may be provided free of charge to a licensed retailer, shall have no other utilitarian value other than that of being purely for display purposes. Any interior display containing any property other than that authorized in paragraph C above, may not be given or loaned to a licensed retailer, but must be sold at a price not less than the supplier's actual cost.
- E. Advertising statements on signs and interior displays that are permitted to be provided free of charge to a retailer, shall primarily consist of a supplier's name, brand name, trade name, or trademarks; words or phrases, such as "on tap," "on draft," "in bottles," "in cans," "beverages," "beverage department," "ice cold," "take home," and similar copy; and words or phrases such as "delicious with (specifically named food or food products or food generally)" and similar statements relating alcohol beverages to food and constituting a part of the supplier's standard advertising. Permitted language may also include a retailer's name and address, the retailer-established selling price of alcohol beverages, and retailer-specific promotional announcements, provided that the sign or interior display, in its totality, primarily advertises the supplier or its products.
- F. No supplier shall directly or indirectly pay to any retailer, and no retailer shall accept, any value or consideration in connection with, or for the right or privilege of, installing or maintaining any sign or interior display on, or in, or relating to, a retailer's licensed premises.
- G. Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 5 of title 44, and related regulations, and such organization does not otherwise hold a retail license pursuant to articles 3 or 4 of title 44. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.

Regulation 47-321. Bona Fide Loyalty or Rewards Programs – Discontinued Sales – Close-Out Sales.

Basis and Purpose. The statutory authority for this regulation is found at subsections INCLUDES BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), 44-3-202(2)(a)(I)(D), 44-3-202(2)(a)(I)(G), 44-3-202(2)(a)(I)(R), and 44-3-202(2)(a)(I)(O), C.R.S. The purpose of this regulation is to clarify how applicable licensees may sell alcohol beverages below cost under limited statutory exceptions.

- A. A retailer licensed pursuant to section 44-3-409 or 44-3-410, or subsection 44-4-107(1)(a), C.R.S., shall not sell alcohol beverages to consumers at a price that is below the retailer's cost, as listed on the invoice, unless the sale is of discontinued or close-out alcohol beverages. For purposes of this subsection:
1. "Discontinued" means when a manufacturer or importer discontinues the production, importation, or market availability of a specific alcohol beverage product. A retailer's decision to stop making available the alcohol beverage product for purchase by a consumer does not qualify as a discontinued product.
 2. To qualify as a "close-out" sale, the following conditions must be satisfied:
 - a. The close-out sale must include and liquidate, by sale or destruction, all of the retailer's current inventory of a specific alcohol beverage product as of the date the close-out sale begins.
 - b. The retailer is prohibited from selling the specific alcohol beverage product that was involved in the close-out sale at a price below cost for a period of two (2) years commencing on the date the last item included in the close-out sale is liquidated.
- B. A retailer licensed pursuant to section 44-3-409 or 44-3-410, or subsection 44-4-107(1)(a), C.R.S., shall not be prohibited from operating a bona fide loyalty or rewards program for alcohol beverages the retailer is licensed to sell so long as the price for the product is not below the retailer's costs as listed on the invoice. For purposes of subsections (B) and (C) of this regulation
1. "Bona fide loyalty program" means a structured program used by a retailer licensed pursuant to section 44-3-409 or 44-3-410, or subsection 44-4-107(1)(a), C.R.S., to encourage participants to continue to shop at the retailer's licensed business by allowing participants access to special pricing on products by virtue of being a member of the bona fide loyalty program.
 2. "Bona fide rewards program" means a structured program used by a retailer licensed pursuant to section 44-3-409 or 44-3-410, or subsection 44-4-107(1)(a), C.R.S., to encourage participants to continue to shop at the retailer's licensed business by allowing participants to accrue program benefits, in the form of points or other accrual-based methods of reward, through the purchase of alcohol beverages, to be redeemed in the form of a discount upon a subsequent sales transaction on alcohol beverage products only.
 3. "Retailer's cost" means the actual proportionate invoice price charged by the wholesaler, per item, including applicable state and federal taxes. All invoices must clearly designate a price paid for each product, which shall not be less than the wholesaler's laid-in cost for each product.
 4. "Price" means the amount an alcohol beverage product is listed for sale to consumers by the retailer, before applicable taxes, and before application of bona fide loyalty or

rewards program benefits in the form of a discount.

5. A supplier shall not provide to a retailer, and a retailer shall not accept from a supplier, any financial assistance in connection with a bona fide loyalty or rewards program.
 6. Bona fide rewards program benefits shall be structured so that both the accrual and redemption of benefits is applied without discrimination across all brands and labels of alcohol beverages. However, bona fide rewards program benefits may differentiate in accrual and redemption rate for classes of alcohol products (beer, wine, spirits).
- C. A retailer described in subsection (B) of this regulation shall maintain and make available those business records regarding all bona fide loyalty or rewards program transactions consistent with Regulation 47-700, 1 C.C.R. 203-2. A retailer described in subsection (B) of this regulation must maintain, at a minimum, the following records regarding its bona fide loyalty or rewards program:
1. Documentation regarding the value of loyalty or rewards program benefits and how those benefits may be accrued and redeemed by participants;
 2. Documentation showing the loyalty or rewards program benefits actually accrued and redeemed by each participant, organized by a unique customer identification number assigned to each participant;
 3. Invoices showing the retailer's cost of the individual alcohol beverage product to which any consumer loyalty or rewards benefit was applied or redeemed; and
 4. Receipts for every alcohol beverage sale to which loyalty or rewards program benefits are redeemed, showing the price for every alcohol beverage and the amount of such benefits.

Regulation 47-322. Unfair Trade Practices and Competition.

Basis and Purpose. The statutory authority for this regulation is ~~located at subsections~~ INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(G), 44-3-202(2)(a)(I)(R), and section 44-3-308, C.R.S. The purpose of this regulation is to establish certain permitted and prohibited trade practices between suppliers and retailers in order to clarify and prevent statutorily prohibited financial assistance between tiers.

Suppliers and their agents or employees may not attempt to control a retail licensee's product purchase selection by engaging in unfair trade practices or competition.

Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 5 of title 44 and related regulations, and such organization does not otherwise hold a retail license pursuant to article 3 or 4 of title 44. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.

Retailers may not accept any prohibited financial assistance as described herein, and suppliers are prohibited from directly or indirectly engaging in the following unfair practices:

...

Regulation 47-323. Lawful Extension of Credit.

Basis and Purpose. The statutory authority for this regulation is located at subsections INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), 44-3-202(2)(a)(I)(O), 44-3-202(2)(a)(I)(R), and 44-3-202(2)(b), C.R.S. The purpose of this regulation is to reinforce federal regulations and establish certain permitted and prohibited credit extension practices between suppliers and retailers.

A. Definitions: For purposes of this regulation, the following definitions are applicable:

1. "Supplying licensee" means those persons authorized pursuant to articles 3 and 4 of title 44, C.R.S. to sell fermented malt beverage, malt liquor, vinous liquor, and spirituous liquors to licensed retailers.
2. "Retailer" means those persons licensed pursuant to sections 44-3-401(1)(h) – (t) and (v) – (w) and 44-4-104(1)(c), C.R.S. to sell alcohol beverages to the end consumer. Except the term "retailer" as used in this regulation shall not include a liquor-licensed drugstore that receives a license after January 1, 2017, which shall not purchase alcohol beverage on credit or accept an offer or extension of credit from a licensee and shall effect payment upon delivery of the alcohol beverage pursuant to section 44-3-410(2)(b), C.R.S.
3. "Cash" means United States currency.
4. "Cash equivalent" means a financial transaction or negotiable instrument other than cash, including: bank drafts (business or personal check, cashier's check, certified check) money order, any other type of completed electronic funds transfer, or a supplying licensee's lawfully-issued credit to a retailer's account. Nothing in this regulation shall require a supplying licensee to make available all of the aforementioned types of cash equivalent.
5. "Alcohol beverage purchase" means the date upon which the alcohol beverage is delivered to the retailer and the retailer takes possession.

B. Transaction Requirements and Restrictions:

1. Regarding retailers' alcohol beverage purchases on credit, supplying licensees are prohibited from extending credit to any retailer for a period in excess of thirty (30) days.
2. A supplying licensee's delivery of alcohol beverages to a retailer must be accompanied by a sales invoice that shows the name of the retailer, the place of delivery (address of the licensed location), the invoice date, the date of delivery, a full description of the alcohol beverages delivered and accepted, a full description of any items on backorder to be delivered on a different date, and the price and terms of sale.
3. If there are discrepancies between the product described in the original sales invoice and the actual delivery, handwritten amendments shall be made to the invoice to reflect any corrections and shall be initialed by an authorized representative of the retailer or supplying licensee. Invoiced product that will be delivered on another date must be re-invoiced by the supplying licensee to reflect the date upon which the actual delivery took place.
4. Where there is lawful ownership of multiple, separately-licensed retail locations, each location must be considered separate and distinct with respect to alcohol beverage

purchases. Therefore, a supplying licensee shall consider each location as separate and distinct for the purpose of extending credit. For retailers holding a resort complex or a campus liquor complex class of hotel and restaurant license, all related facilities within the resort complex or the campus liquor complex must be considered as a single location for the purpose of extending credit.

C. Calculation of Lawful Credit Period:

1. The lawful credit period is thirty (30) calendar days.
2. For the purpose of determining compliance with this regulation, the credit period shall commence on the alcohol beverage purchase and conclude on the date of full legal discharge from all indebtedness arising from the sales transaction related to the delivery, except as otherwise provided in paragraph G of this regulation.
3. If the final day of the lawful credit period falls on a Saturday, Sunday, or legal holiday, the final day shall be the next business day.
4. For the purpose of calculating the lawful credit period only, a retailer's acceptance of an alcohol beverage delivery and sales invoice verifying the delivery is a per se acceptance of the delivery and sales terms.
5. Errors and refusals of delivered product must be noted on either licensee's copy of the sales invoice by an authorized representative of either licensee.

D. Required Payment During Lawful Credit Period:

1. A retailer's payment on a supplying licensee's credit sale shall be recognized as the earlier of:
 - a. The date the payment is deposited by the supplying licensee, or
 - b. The date the transaction is recorded in the licensee's accounting records,
 - or c. The date the supplying licensee or its authorized representative receives the retailer's payment in person, or
 - d. The date a retailer can reasonably verify, through its own books and records, tender of payment to a supplying licensee. In order to ensure compliance with this regulation, retailers must make available to the supplying licensee, upon their request, those records that verify the date of tender.
2. The following shall not be considered a lawful discharge of indebtedness for the purpose of advancing any additional credit to a retailer:
 - a. Business or personal checks that are returned to the supplying licensee as unpaid if replacement funds are not tendered within the lawful credit period.
 - b. Dispute claims filed by a retailer to a credit card provider for credit card advances it had previously authorized for product delivery, except as

otherwise provided in paragraph G of this regulation.

- c. A compromise of indebtedness between supplying licensee and retailer that is commercially unreasonable.
- d. An assignment of a supplying licensee's accounts receivable for third party collection, when the discharge of indebtedness is dependent upon collection from the retailer.
- e. The supplying licensee's temporary credit to a retailer's account, thereby providing the appearance that a retailer is eligible for additional credit.

E. Indebtedness Beyond the Lawful Credit Period:

- 1. Any supplying licensee that has not received full payment on a sales invoice on or before the conclusion of the 30 day lawful credit period, as calculated pursuant to paragraph D of this regulation, has not engaged in a per se violation of this regulation, but is prohibited from extending additional credit to the indebted retailer.
- 2. A supplying licensee shall not advance any additional credit to the indebted retailer until the past due indebtedness is fully discharged.
- 3. A supplying licensee may continue to sell alcohol beverage products to the indebted retailer only if cash or cash equivalent is provided at the time of each additional delivery.
- 4. A supplying licensee's normal and customary business practice related to the assessment of finance charges on credit balances that exceed 30 days is not a per se violation of this regulation.

F. Record Keeping Requirements for Supplying Licensees:

- 1. Pursuant to Section 44-3-701, C.R.S., licensees shall keep and maintain business records necessary to fully show the business transactions of such licensee. The following additional minimum requirements shall be met in order to demonstrate compliance with this regulation.
 - a. Before a supplying licensee extends credit to a retailer, it shall review the credit status of the retailer's account to determine whether any unpaid balance remains on a credit sale that is beyond the lawful credit period for such sale. The supplying licensee shall develop a procedure that documents this credit verification process, and shall be obligated to demonstrate compliance upon any review by the state licensing authority.
 - b. The supplying licensee shall maintain sufficient records that verify the commencement of the lawful credit period.
 - c. A supplying licensee that extends credit to retailers shall develop a method of verifying and documenting the date(s) of payment, and the final discharge of indebtedness of each sales invoice if it recognizes a payment date sooner than the date of its final accounting entry. This may include the retention of postmarked envelopes, hand written receipt ledgers, hand written acknowledgement of receipt on the supplying licensee's copy of a sales

- invoice, or other accounting records developed by the supplying licensee.
- d. A supplying licensee that extends credit to retailers shall keep a record of those retailers that did not discharge indebtedness within the lawful credit period, and evidence that subsequent sales were cash or cash equivalent on delivery until the indebtedness was discharged.
 2. A retailer's records may supplement the supplying licensee's records in determining compliance with record keeping requirements, but shall not mitigate a supplying licensee's lack of compliance.
- G. Dispute Resolution: The purpose of this section shall be solely for the purpose of determining if a supplying licensee may continue to extend credit to a retailer when transaction amounts in dispute cannot be resolved within the lawful credit period. Nothing herein shall restrict the licensees from exercising their contractual rights in civil disputes.
1. If there is a good faith dispute by a retailer as to the validity or reasonableness of the amount owed or the payment made to the supplying licensee, then the retailer shall give written notice to the supplying licensee prior to the close of the lawful credit period. The retailer shall include the disputed amount due or payment tendered, the invoice number, and a detailed reason for the dispute.
 2. Upon receipt of written notification, the supplying licensee shall determine its position and respond within 15 days of the retailer's written notification. The supplying licensee may continue to extend 30 days credit on new purchases pending the resolution of the dispute, so long as the retailer has provided written notice as described in paragraph G.1., and has tendered payment for all amounts not in dispute.
 3. For purposes of this regulation, the amount of a qualifying price dispute shall be calculated as the disputed price differential times the number of cases purchased. For example, if the supplying licensee invoices a case of alcohol beverage at \$11.00 per case, and the retailer's records reflect a negotiated case deal of \$10.00, then the amount in dispute for purposes of this regulation is calculated as \$1.00 times the number of cases purchased.
 4. The supplying licensee is prohibited from extending 30 days credit on new purchases if the retailer fails to claim disputes in the manner described in this section or fails to make full payment of undisputed amounts on or before the end of the lawful credit period. A retailer's action to stop or delay payment on any financial transaction does not qualify as proper written notice to a supplying licensee of a good faith dispute.
 5. Once a dispute is resolved, a retailer will have 30 days to pay any amount due and/or a supplying licensee will have the same period of time to adjust its records to reflect the outcome. If the dispute resolution process is unsuccessful after good faith efforts by both parties, and any amount due would otherwise be placed for collection, the supplying licensee must cease the extension of credit to the retailer and shall conduct any future sale of alcohol beverages for cash or cash equivalent on delivery.
 6. Supplying licensees and retailers shall keep sufficient records to document those disputes that are used as justification for the continued extension of credit, which would otherwise be prohibited.
- H. Unlawful Financial Assistance:

1. Except as provided for in paragraph G of this regulation, a supplying licensee who continues to extend credit to a retailer who has not fully discharged indebtedness through the lawful means described in this regulation, or who fails to exercise due diligence with the requirements of this regulation, may be sanctioned by the state licensing authority for providing unlawful financial assistance to a retailer, as provided for in Section 44-3-308(1)(a), C.R.S. and related regulations.

2. Except as provided for in paragraph G of this regulation, a retailer who fails to pay the amounts due to the supplying licensee after the conclusion of the lawful credit period, and who receives further sales on credit from that supplying licensee, may be sanctioned by the state licensing authority for receipt of unlawful financial assistance from the supplying licensee, as provided for in Section 44-3-308(3)(a), C.R.S. and related regulations. Unlawful financial assistance shall inure to the retailer after the supplying licensee has made final demand for payment through written correspondence or other means of commercial debt collection and has made subsequent sales on credit.

Regulation 47-901. Public Consumption of Alcohol Beverages.

Basis and Purpose. The statutory authority for this regulation is found at ~~subsections~~ INCLUDES, BUT IS NOT LIMITED TO, 44-3-202(1)(b), 44-3-202(2)(a)(I)(A), 44-3-202(2)(a)(I)(R), and 44-3-202(2)(a)(I)(D), C.R.S. The purpose of this regulation is TO establish a mechanism for an appropriate authority to notify the state licensing authority when public consumption ordinances, resolutions, or rules are promulgated within the applicable jurisdiction so that the state licensing authority is aware of the varying ordinances, resolutions, or rules.

- A. A local licensing authority or the Parks and Wildlife Commission, as applicable, shall notify the Division of any new or amended ordinance, resolution, or rule which authorizes the public consumption of alcohol beverages. Such notification must include a copy of and citation to the ordinance, resolution, or rule.