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Liquor Advisory Group Licensing Subgroup
 Meeting Minutes
 April 27, 2023

Seat	Representative	Attendance
State Licensing Authority	Executive Director Mark Ferrandino <i>Department of Revenue</i>	Absent
Local Vinous Manufacturer	Juliann Adams <i>Vines 79 Wine Barn</i>	Present
Downtown Partnership/Chamber of Commerce	Loren Furman <i>Colorado Chamber of Commerce</i>	Absent
Colorado Municipal League	Tara Olson <i>Town of Breckenridge Clerk's Office</i>	Present
Colorado Municipal Clerks Association	Colleen Norton <i>Littleton Municipal Clerk's Office</i>	Present
Restaurant Licensee	Sarah Morgan <i>Martinis Bistro</i>	Present
Tavern/Large Dance Entertainment Venue	Don Strasburg <i>AEG Presents</i>	Present
Colorado Association of Chiefs of Police	Chief Dave Hayes <i>Town of Estes Park Police Department</i>	Absent
Restaurant Licensee	Andrew Palmquist <i>Number Thirty Eight</i>	Present
National Wholesaler	Andrew Quarm <i>Republic National Distributing</i>	Absent
Arts Licensee	Andryn Arithson <i>Newman Center for the Performing Arts</i>	Present

- I. Welcome and Introductions
- II. Subgroup Process and Expectations Overview
 - A. Review timeline of topics (from page 2 of the [April meeting agenda](#))
 1. No amendments or objections from subgroup members.
 - B. Volunteer to Report Subgroup Proposals at May LAG Meeting
 1. Andryn Arithson volunteered to be the spokesperson for the Licensing subgroup at the large May LAG meeting.
- III. Topic Discussion: On-Premises License Consolidation

- A. Should the brew pub, distillery pub, and vintner's restaurant licenses be combined in any way?
1. Vintner's restaurants have expressed a desire to be treated more like a winery than a restaurant. They would like the same benefits and privileges as limited wineries, especially in terms of shipping privileges. Concern is that they lose the ability to do certain things (like ship in state) when they start serving meals.
 2. Additional concerns were raised regarding ownership interests and other restrictions affecting the holding of different license types.
 - a) It was mentioned that it is difficult for an event venue to reach the 15% gross revenue sales from food requirement found in the brew pub/distillery pub/vintner's restaurant statutes and this prevents creative business use like opening up a brewery at an event venue.
 - b) Some of these issues could be addressed by having an entry-level food requirement and having a manufacturer on-premise license and sale on-premise as well as other privileges like shipping within the state. This would likely be a State-only license type.
 - (1) It was noted that many breweries have begun to partner with food trucks in addition to basic snacks and sandwiches
 3. There were questions as to why the retail license types were delineated this way. It was clarified that over time, legislation has been put through to fix a specific issue for that particular moment in time without addressing the license structure that already exists.
 4. Concerns were raised about keeping consolidation of the three tier system and consolidation of licenses separate. Saying that a manufacturer gets all the same benefits as a retailer is a different conversation than consolidating specific types of on premise licenses. Opening up a manufacturing licensed premises attached to an event venue will open up opportunities for smaller manufacturers but also potentially allow large manufacturers to take over venue spaces with pricing structures as smaller manufacturers may not be able to compete with.
 - a) A suggestion was made that participation in the three tier system (i.e. a manufacturer being represented by a wholesaler) be dependent on volume - if you make x number of cases you can sell directly to retail but if you make over x, you need to be represented by a wholesaler. There was disagreement over this point, with some concerns raised over the restriction of existing privileges and a perceived requirement to self-distribute.
 - b) There was disagreement over whether there was a fair market concern over large industry players using production ability as a competitive advantage.
 5. There were questions as to why the brew pub, distillery pub, and vintner's restaurant all have different amounts that can be sold at wholesale to a licensed retailer compared to the total amount produced.
 - a) Legislative history was discussed around the purpose of these production limits, with the stated intent of the legislation being to allow brand

owners to run a pub/restaurant that would help fund the growth of their brand and still allow them to make enough product to actually build a brand. The trade-offs and different privileges are a choice for the individual licensee to make based on what is a better business model for their needs.

6. A potential proposal was suggested allowing a basic license type and allowing for additional layers to add on (such as sales rooms, restaurants, etc) without having to fundamentally change the license type.
 - a) Juliann Adams to work with industry members to create a proposal for this type of license.
- B. Should any provisions of the lodging & entertainment license be consolidated into the hotel & restaurant license?
1. It was noted that we should be clear when talking about the lodging & entertainment license. On the one hand, we're talking about lodging, which would be hotels, motels, those kinds of things (regardless of whether they have a full service restaurant). On the other hand, we're talking about entertainment, which would cover bowling alleys, arcades, movie theaters, etc.
 2. Suggestion was made that licensed premises with rooms for rent have a lodging license, combining the lodging part of the Lodging & Entertainment license and the hotel portion of the Hotel & Restaurant license.
 - a) Lodging license could allow for complimentary beverage service in the lobby, hotel bars, or consumption of alcohol in rooms.
 - b) This proposal would not include Bed and Breakfast permittees.
 - c) It was clarified that this proposal would allow the addition of a restaurant, in addition to meeting a potential minimum food requirement of sandwiches and snacks.
 3. Questions arose regarding what happens to the restaurant and/or entertainment portions of the Lodging & Entertainment and Hotel & Restaurant licenses, respectively, under the Lodging license proposal.
 - a) Suggestion was made to create a basic on-premise consumption license.
 - (1) This would allow, for example, a restaurant to start only selling beer and wine and then later expand to spirits if they'd like, without having to apply for a different license type.
 - b) Suggestion was made that this license type would have a basic food requirement of sandwiches and snacks. Concerns were raised about the public health implications of this proposition and whether it would be a feasible solution as far as public safety is concerned.
 - (1) There was confusion over whether this requirement would be a percentage of gross sales requirement or a flat requirement.
 - (2) Concerns were expressed around having a basic food requirement for an arts license, as this is not currently a requirement for that license type and doesn't make sense with their business model.

- c) It was noted that neighborhoods, towns and municipalities want to be able to plan how many different license types are in certain areas and other factors. If all license types were lumped together, this would cause concerns from a planning perspective.
 - 4. Colleen Norton to work on a proposal for lodging license, Andrew Palmquist to work on proposal for entertainment license.
 - C. Essential license type with add-ons for particular use requirements
 - 1. Concerns were raised about the add ons for this license type getting too specific and actually making the licensing scheme more complicated. Additional concerns were raised around the ability of a business to self-define their business model.
 - 2. There was confusion surrounding what specific license types were being discussed; the discussion was tabled until the May Licensing subgroup meeting.
- IV. Public Comment
- A. Andy Klosterman, Peak Beverage/Colorado Event Alliance
 - 1. I saw a potential agenda topic to discuss catering licenses; we've done a fair amount of research on other states and what they're doing regarding catering and special event licensees and would like to provide that information to the group. There aren't any caterers represented in the LAG, which is a concern.
 - 2. I also wonder if there is any research LED can provide on the amount of enforcement actions that have been done based on the food requirement of certain license types. This could play into the consideration of public safety concerns the LAG has been discussing today.
 - B. Bob Witham, Limited Winery licensee
 - 1. With regards to vintners restaurant - I'm a limited winery, not a vintner's restaurant. But for all practical purposes, I behave like a vendor's restaurant because I have an event center with a catering kitchen. My Chateau where those are located is licensed as a restaurant, where I can seat 200 people. As I've been listening to this conversation around vintner's restaurants, the issue is so simple, that it's complicated. There's a definition for a vintner's restaurant, under the definitions on the liquor code that says a vintner's restaurant means a retail establishment that sells food for consumption on premise and goes on to say some other things too. If the word in the code was simply struck the word retail then there's all kinds of problems in life to go away. When you take a look at the winery definition, it means any establishment where vinous liquors are manufactured, and then it goes on to say, except that the term does not include a vintners restaurant licensee. A vintner's restaurant license has the same federal basic permit as the winery and limited winery, all three of them are producers of vinous products. So the problem here is just in just a couple of word changes.

The next Licensing Subgroup meeting will be on May 25, 2023 from 1:00 p.m. to 3:00 p.m.