



COLORADO
Department of Revenue
Specialized Business Group—
Liquor & Tobacco

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Summary of Proposed Topics for Voting by the LAG

Disclaimer: These are the proposed votes from the Liquor Advisory Group, but the General Assembly is the final decision maker for any subsequent statutory changes.

Pursuant to the LAG Charter, the report to the General Assembly is to include “a final assessment of the LAG’s level of support for a recommendation, option, or idea will be conducted publicly and recorded in the special report. The recommendations or options considered, level of agreement for each recommendation or option, and a summary of the rationale for both supportive and dissenting views. Interim feedback on specific topics, options or alternatives may be provided throughout the process.”

Below is a summary of proposals from LAG Subgroups for consideration and vote by the LAG. The language of each proposal may be amended by the LAG group members during the discussion prior to a vote of the LAG. The proposals and votes will be included in the LAG Report.

Date of Vote: September 14, 2023

Licensing Subgroup

Proposal 26: Amendment to 44-3-419 Arts License

Current Statutory Language:

44-3-419. Arts license - definition.

Proposal submitted by Andryn Arithson

44-3-419(1)(a), C.R.S. An arts license may be issued to any nonprofit arts organization that sponsors and presents productions or performances of an artistic or cultural nature, and the arts license permits the licensee to sell alcohol beverages only to patrons of the productions or performances for consumption on the licensed premises in connection with the products or performances. ~~No person licensed pursuant to this section shall permit any exterior or interior advertising concerning the sale of alcohol beverages on the licensed premises.~~ Limited advertising of availability of alcoholic beverages for sale may be placed on the licensed premise while a cultural event is taking place. Additionally, advertising of the availability of alcoholic beverages may be included in email, print, radio, television and social media marketing. The availability of alcohol must not be the primary focus of the advertisement.

For example: promotion of a “2-for-1” drink special or any advertising that promotes heavy drinking is not allowable. A licensee may feature a specific brand or beverage in the advertisement, as agreed to with a licensed manufacturer.

Proposal 27: Catering license

Current Statutory Language:

No current statutory language.

Proposal submitted by Don Strasburg and Andy Klosterman

- Would create a new retail tier license that would allow a catering company to pull temporary permits to sell and serve alcohol in unlicensed locations.
- The main catering license would be \$2,500 yearly.
- Temporary permits are in two classifications:
 - Larger Public Events - Higher Public Risk, Approval System.
 - Defined as events over 600 guests, OR open to the public.
 - For Public Events, the holder of a caterer liquor license can obtain a permit, on forms prescribed by the State Licensing Authority or electronically that notifies the department of the date, location, hours of operation at least 30 days in advance of such event. Due to exigent circumstances the state and local licensing authorities could in writing remove this thirty day notice as necessary.
 - Local Licensing Authorities can determine additional rules and regulations.
 - Limited to 15 days per location unless local or state licensing authorities
 - Fee are set by local licensing and state rulemaking.
 - Smaller Private Events - Lower Public Risk, Notification System.
 - Defined as events under 600 guests, AND not open to the public (invite only).
 - For Private Events, the holder of a caterer liquor license can obtain a permit, on forms prescribed by the State Licensing Authority or electronically that notifies the department of the date, location, hours of operation at least 3 days in advance of such event. Due to exigent circumstances the state and local licensing authorities could in writing remove this three day notice as necessary.
 - Submit online notification to state LED.
 - Private Event Permits are limited to a single day for each permit, 12 hour period maximum.
 - Fees are set by local licensing and state rulemaking.
- For each permit, the licensee would send in an online form to State and Local Licensing Authorities with basic event information such as guest count, date, time, types of alcohol being served, event address, etc. Information would also include a permission letter from the venue, allowing access and regulatory control to Liquor Enforcement.
- The Catering license would apply to the caterer’s main warehouse or banquet hall location. All alcohol would be stored at this location and could be taken to and from events that the caterer pulls temporary permits at.

- The Catering Liquor License would function much like any other retail tier license, and would be able to purchase alcohol from qualified Suppliers and Wholesalers. This license tier would be allowed to purchase up to \$2,500 or the current legal limit of alcohol from a retail liquor store.
- Customers for events would still be able to choose whether or not they would want their caterer to provide the alcohol or to get the alcohol from a retail liquor store.
- The Caterer’s banquet hall could host events that it caters or conduct private tastings for its clientele for charge or no charge.
- Requires state approved safe-service certifications for all servers of alcohol.
- Funds collected from the catering license and temporary permits would go to state and local enforcement agencies as appropriate.
- Sandwiches and/or light snacks are required at a minimum at each temporary event.
- Permit liquor signage must be posted within visibility of the main service area(s) of an event.
- The state licensing authority may adopt rules and forms necessary for the implementation of catering license and attached permits.

Proposal 28: Amendment to requirement for public hearing for new license applications

Current Statutory Language:

44-3-311. Public notice - posting and publication - definition.

(1) Upon receipt of an application, except an application for renewal or for transfer of ownership, the local licensing authority shall schedule a public hearing upon the application not less than thirty days from the date of the application and shall post and publish the public notice thereof not less than ten days prior to the hearing. Public notice shall be given by the posting of a sign in a conspicuous place on the premises for which application has been made and by publication in a newspaper of general circulation in the county in which the premises are located.

Proposal submitted by Trevor Vaughn

44-3-311(1), C.R.S.

“Upon receipt of an application, except an application for renewal or for transfer of ownership, the local licensing authority ~~shall~~ may schedule a public hearing upon the application not less than thirty days from the date of the application and shall post and publish the public notice thereof not less than ten days prior to the hearing. Public notice shall be given by the posting of a sign in a conspicuous place on the premises for which application has been made and by publication in a newspaper of general circulation in the county in which the premises are located.”

This would allow the Local Licensing Authority the flexibility to hold a hearing or to not hold a hearing if there were no objections received from the community.

Proposal 29: Removal of all state and local fee amounts and fee caps from statutory language

Current Statutory Language:

44-3-501. State fees - rules - one-time fee waiver - repeal.

44-3-505. Local license fees.

Proposal submitted by Trevor Vaughn

- Putting these fee amounts and fee caps in statute sets the amounts in stone and makes any fee increase a political element that requires passage of a bill by the General Assembly.
 - This has resulted in fee caps not changing for extended periods of time, perhaps in decades.
 - This can result in fees or revenue sources elsewhere being used to subsidize areas where fees are inadequate to cover costs.
 - It can also prevent appropriate staffing, hiring and systems that allow licensing agencies to be responsive to customers.
- Suggested language: “fees no more than are adequate to cover costs”
- Alternatively, remove all language addressing fee amounts and fee caps. This would allow fees to be adjusted with time and inflation, utilizing cost recovery models.

Proposal 30: Increased processing timeline for Retail Establishment Permit applications

Current Statutory Language:

44-3-424 Retail establishment permit - definition. (f/k/a Art gallery permit - definition)

Proposal submitted by Chloe White

- Increase the fifteen (15) day processing timeline to a minimum of thirty (30) days to mirror the Special Event Permit (44-5-107, C.R.S.) and Festival Permit (44-3-404 C.R.S.) processes.
- (2)(b) “Upon initial application, and for each renewal, the applicant must list each day that alcohol beverages will be served, which days must not be changed without a minimum of **fifteen thirty** days’ written notice to the state and local licensing authority.”

Proposal 31: Repeal of Liquor-licensed Drugstore (LLDs) License Type

Current Statutory Language:

44-3-409(4)(b)(III) Retail liquor store license - rules.

44-3-410. Liquor-licensed drugstore license - multiple licensed permitted - requirements - rules.

Proposal submitted by Jim Shpall

1. Repeal 44-3-410 and eliminate the liquor-licensed drugstore license
2. Existing liquor-licensed drugstores may be grandfathered in as a retail liquor store license, subject to the interest restrictions found in 44-3-409(4)(b)(III)

Regulation of Retail Operations Subgroup

Proposal 32: Purchase of Inventory

Current Statutory Language:

- 44-3-309. Local licensing authority - applications - optional premises licenses.

Proposal submitted by Jim Shpall

1. A Retail Liquor Store Licensee who is going out of business or otherwise giving up its license (the "Selling Licensee"), may sell or otherwise transfer all its inventory to another Retail Liquor Store Licensee (the "Acquiring Licensee") upon the following terms and conditions:
 - a. The Selling Licensee must sell all its inventory remaining at the time the decision is made to effectuate such a sale or transfer only to one Acquiring Licensee.
 - b. Both the Selling Licensee and the Acquiring Licensee shall give notice to the State and local licensing authorities of the sale or transfer of the inventory not less than 15 days prior to the sale or transfer of the inventory
 - c. Prior to the payment of funds to the Selling Licensee, the Selling Licensee shall each give notice to all wholesalers who have sold product to the Selling Licensee within 4 months of the sale or transfer informing the wholesalers of the impending sale or transfer. The wholesaler(s) shall, within not more than 15 business days of receiving said notice, notify the Acquiring Licensee and the Selling Licensee of any outstanding debt owed by the Selling Licensee to the wholesaler for the products being sold or transferred. Upon timely receipt of such notice from wholesaler(s), the Acquiring Licensee shall first use the proceeds to be paid for the inventory of the Selling Licensee to first satisfy the indebtedness claimed to be owed by the Selling Licensee to the wholesalers. Any funds remaining funds owed for the purchased inventory remaining after payments made to wholesalers, if any, shall be paid to the Selling Licensee in a manner consistent with the agreement between the Selling Licensee and the Acquiring Licensee. Failure of a wholesaler to provide notice of any indebtedness owed to the wholesaler by the Selling Licensee within the required time will excuse any obligation of the Acquiring Licensee to a wholesaler who fails to comply.
 - d. At the time the Selling Licensee offers its inventory for sale to an Acquiring Licensee, the Selling Licensee shall also give notice to all licensed wholesalers of the offer and the Selling Licensee shall immediately upon giving notice cease to purchase any further product from a licensed wholesaler.
 - e. Upon purchase of the Selling Licensee's inventory, the Selling Licensee's Retail Liquor license shall become canceled, invalid, and considered to have been surrendered. A new retail liquor store license as set-forth in Section 44-3-409 C.R.S. shall not be issued to the Selling Licensee or for said licensed premises or within 1500 feet of said licensed premises for a period of five years following the sale or transfer of the inventory. Notwithstanding the forgoing provisions of this subsection, under the following terms and conditions, the Acquiring Licensee may, at in its sole discretion and subject to required State and local approvals, apply to obtain the retail liquor license of the Selling Licensee so long as:
 - i. The licensed premises of the Selling Licensee does not exceed 10,000 square feet.
 - ii. The acquisition of the license shall be subject to local and states approval for a change of ownership as required by law.

- iii. The acquired licensed premises shall at no time exceed the square footage that existed at the time of acquisition for a period of 10 years.
 - iv. The acquisition of the license shall be in addition to the number of licenses a retail liquor store licensee allowed pursuant to Section 44-3-309 C.R. S.
 - f. For purposes of the law pertaining to selling below cost, the cost of the acquired product shall be considered to be the highest cost for the same product existing in the Acquiring Licensee's inventory at the time of the acquisition.
 - g. If the Acquiring Licensee owner owns more than one retail liquor store license, the purchased inventory can be paid for by Acquiring Licensee but allocated between or among all of the stores owned by the Acquiring Licensee owner, so long as the allocation occurs at the prior to or at the time the product is removed from the premises of the Selling Licensee.
2. Upon entering into an agreement for the sale of the inventory, the Selling Licensee and the Acquiring Licensee shall provide notice of the pending sale to the Liquor Enforcement Division who shall then post said notice on the LED website.
3. The product purchased by the Acquiring Licensee can only be transported by the Acquiring Licensee to the Acquiring Licensee's licensed premises or to one of the other licensed locations owned by the Acquiring Licensee as designated in accordance with 1(g) above.

Marketplace Structure Subgroup

Proposal 33: Direct-to-consumer shipping for beer and distilled spirits with courier permit for delivery of products

Current Statutory Language:

No current statutory language. Proposal is to mirror the current winery direct shipping permit under 44-3-104, C.R.S.

Proposal from Subgroup

- Separate shipping permits for breweries and distilleries. These permits will mirror the existing requirements for wineries.
- Creation of a courier permit for beer and distilled spirits to give LED the ability to hold individuals making the deliveries legally responsible for preventing delivery/distribution to underage persons.

Proposal 34: Common carrier permit for wine direct shipping

Current Statutory Language:

44-1-104. Wine shipments - permits.

Proposal from Subgroup

- Common carrier must accept only shipments from a licensed winery with a direct shipper's permit as defined under 44-1-104, C.R.S.

- Carrier cannot leave packages unattended on the doorstep and must check the recipient's identification to ensure they are the individual intended to receive the product and is not an underage person and/or visibly intoxicated.

Proposal 35: Give authority to the LED to address illegal out-of-state shipments of alcohol products

Current Statutory Language:

No current statutory language.

Proposal from Subgroup

- This came from an aspect of Jim Shpall's [Illegal Shipments of Alcohol Beverages](#): "Create a system of funding that allows the LED to actively investigate violations and impose penalties."