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June 14, 2023

Executive Director Mr. Mark Ferrandino
Colorado Department of Revenue
1707 Cole Blvd; Suite 350
Lakewood, CO 80401

Re: Proposal – Changes to Colorado Liquor Code and Colorado Liquor Rules

Executive Director Ferrandino,

As a Colorado resident, consumer of alcohol, and attorney who practices in the area of liquor law here in Colorado and nationally, and in furtherance of the goals and request made by Governor Polis in his July 8, 2022 letter to you, I propose the following changes to the Colorado Liquor Code and Colorado Liquor Rules which I believe will help modernize, clarify, and harmonize the statutes that regulate alcohol beverages and the alcohol beverage marketplace in Colorado.

- 1) Allow on/off premise Colorado licensed retailers (ex: Retail Liquor Licensees, Hotel Restaurant Licensees) to buy and sell “vintage wine and spirits (5-7+ years old)” from private collections / auctions. Allowing this activity is ever more important given the fact that many Colorado alcohol retailers’ inventories were greatly depleted or wiped out entirely due to the Covid-19 Pandemic, and the need to sell wine and spirits inventory to stay in business. Allowing this activity would increase tax revenue for the state of Colorado as there would be multiple sales of each bottle throughout the years. Additionally, allowing this activity would provide much needed choices for Colorado consumers, who are now limited almost exclusively to current release wines and spirits as very few establishments can carry an inventory of back vintage wines and spirits. Further, allowing this activity would help new Colorado businesses and modern business models focused on vintage wine and spirits that are built on a wide array of fine wine and spirits offerings. Many states (notably NY and CA) allow this activity and it works wonderfully; Colorado, its businesses and its consumers are losing out as a result of current Colorado law prohibiting this activity.

- 3) Remove the prohibition on Retail Liquor Stores licenses and on-premises consumption retail licenses from having common ownership / financial interests in one another. Both licenses are retail-tier licenses, and this prohibition does nothing to protect Colorado citizens and has no basis under tied house law. Because of this prohibition, Colorado consumers suffer greatly with lack of dining and shopping options. Importantly, there is no similar restriction on FMB/Wine license and on-premises consumption licenses, clearly showing there is not tied house basis for the prohibition.
- 4) Eliminate the “4th tier” import license required for wine and spirits importing and wholesaling in Colorado. This law does nothing to protect Colorado citizens and has no legitimate basis under tied house law. This prohibition causes unnecessary expense and delay as it requires wine/spirits importers to “paper” a transaction while prohibiting the importer from possessing the wine or spirits. This prohibition serves no legitimate purpose, makes no sense at all, and hurts the Colorado wine and spirits industry and the Colorado consumer. Proposed solution: permit Colorado wholesalers to import wine and spirits, which they essentially do now given importers are not permitted to possess product – again, they are simply a paper pass-through.
- 5) Permit Distilleries and Distillery Pubs to be Alternating Proprietorships. Breweries, Brew Pubs and Wineries and Vintner Restaurants are allowed to alternate premises, and Distilleries and Distillery Pubs are unfairly excluded. There is no reason for this prohibition, and with the increase in the Colorado Distilleries and Distillery Pubs industry, APs are an essential and natural outgrowth. Further allowing this activity will enhance safety as fewer newcomers to the industry will try to distill on their own and will instead contract via AP with experienced distillers who will produce distilled spirits safely.

I welcome the opportunity to discuss these proposals with you and respectfully request you consider them in connection with Governor Polis’ request.

Very Truly Yours,

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Michael J. Laszlo

cc: Director Michelle Stone-Principato Colorado Department of Revenue – Liquor Enforcement Division (email only).