



**COLORADO**

**Department of Revenue**

Enforcement Division - Liquor & Tobacco

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## **Colorado Liquor Enforcement Division**

### **Guide To Manufacturer Salesrooms Applications for Vinous and Spirituous Liquor**

The Colorado Liquor Enforcement Division (Division) recognizes the growth and popularity of manufacturer sale rooms (MSR) for wineries, limited wineries, and distilleries pursuant to sections 12-47-402(2), C.R.S., 12-47-403(2)(e), C.R.S., 12-47-402(6), C.R.S. and Regulation 47-428, 1 C.C.R. 203-2.

In order to assist applicants in obtaining an MSR license, the Division is providing the following guidelines for MSR applications:

1. Complete Form DR8057 (Application for Colorado Vinous or Spirituous Liquor Manufacturer Sales Room) in its entirety. An MSR license cannot be issued if the application is incomplete. Typical mistakes include (but are not limited to) incomplete addresses, company and business names not matching on lease documents, insufficient premises control plans, and undefined licensed premises.
2. A copy of the MSR application must be provided to the local licensing authority where the MSR is located. If the MSR is temporary (three days or less), the state and local licensing authority must receive the MSR application no less than ten (10) business days prior to the event. If the MSR is permanent (more than three days), the state and local licensing authority must receive the application no less than 30 days prior to the sale of alcohol at the MSR.
3. The local licensing authority may object to the issuance of the MSR license pursuant to Regulation 47-428, 1 C.C.R. 203-2.
4. The Licensee may operate the MSR directly, hire individual staff to conduct sales at the MSR, or hire a company to conduct sales at the MSR. If the Licensee hires individual staff or a company to conduct sales at the MSR, the Licensee remains responsible for managing the MSR including hiring and terminating employees, ordering alcohol, and making any other management decisions.
5. If the Licensee hires an individual or company to conduct sales at the MSR, the Licensee shall provide to the Division copies of any contracts, agreements, leases, etc. between the Licensee

and the individual or company which detail the relationship between the Licensee and the company.

6. An individual or company hired to conduct sales at an MSR may be compensated on a percentage of sales basis. However, payment based on a percentage of alcohol sales constitutes a financial interest in a Licensee. Colorado law prohibits financial interests between certain license types. This prohibition may preclude the Licensee from hiring an individual or company to conduct sales at the MSR (compensated on a percentage of sales basis) if such individual or company has a financial interest in another license type and if overlapping financial interests are prohibited between the license types. A matrix detailing allowed and prohibited financial interests between all license types is attached.
  - a. In order to determine if a prohibited financial interest exists, the Licensee must disclose to the Division the name, birth date, and social security number of such individual or the names, birth dates, and social security numbers of all owners of the company.
  - b. If an individual or a company's compensation for conducting sales at the MSR is equal to 10% or more of the Licensee's overall alcohol sales, such individual or the owners of such company must complete form DR8404-I (Individual History Record) and provide fingerprints for a criminal background check.
7. The Licensee may also hire a manager of the MSR in accordance with Regulation 47-318, 1 C.C.R. 203-2. The manager may make management decisions for the MSR on behalf of the Licensee (including the hiring and firing of staff, ordering alcohol, and any other management decisions relating to the MRS). If the Licensee hires an individual to manage the MSR, the Licensee shall disclose all information regarding the manager to the Division. Such information shall include:
  - a. The Licensee shall provide copies of any contracts, agreements, leases, etc. between the Licensee and the individual that detail the relationship between the Licensee and the manager, and
  - b. Each manager must complete form DR8404-I (Individual History Record) and provide fingerprints for a criminal background check.
8. As stated in paragraph number 6, an individual hired to manage an MSR may be compensated on a percentage of sales basis. However, payment based on a percentage of alcohol sales constitutes a financial interest in a Licensee. Colorado law prohibits financial interests between certain license types. This prohibition may preclude the Licensee from hiring an individual to manage the MSR (compensated on a percentage of sales basis) if such individual has a financial interest in another license type and if overlapping financial interests are prohibited between the license types. A matrix detailing allowed and prohibited financial interests between all license types can be found on the Liquor Enforcement website or [click here](#) for the link.
9. The licensed premises of the Licensee's MSR may include another company's premises as long as a written agreement is in place providing to the Licensee exclusive control over the sale of

alcohol throughout the licensed premises (i.e., MSR sales of alcohol must be under the control of the Licensee or the Licensee's MSR manager and not the other company). The Licensee must provide a mechanism by which MSR alcohol sale transactions of the Licensee are kept separate from the other company's sales or business transactions. In some instances, a single point of sale system may be acceptable as long as sales records and proceeds of MSR alcohol sales are kept separate from the other company's transactions. All money, funds, and electronic payments (debit cards, credit cards, etc.) related to MSR sales of alcohol must be remitted directly to the Licensee and cannot be commingled with the other company's business transactions.

You may submit your application and all necessary documents and diagrams to [DOR\\_LED@state.co.us](mailto:DOR_LED@state.co.us). If you have any questions, please call the Division at 303-205-2300.