

Initiative 2021-2022 #120: Sales of Alcohol Beverages

Received
Legislative Council Staff
3/25/2022, 2:24 PM*Be it enacted by the People of the State of Colorado:***SECTION 1: Declaration**

The People of the State of Colorado hereby find and declare that Article 4 Title 44, C.R.S. known as the “Colorado Beer Code”, shall be amended to allow, beginning March 1, 2023, the sale of wine in grocery and convenience stores that are licensed to sell beer.

SECTION 2. In Colorado Revised Statutes, 44-3-103, **add** (11.8), (18.5), (32.5), and (60.5) as follows:

44-3-103. Definitions.

As used in this article 3 and article 4 of this title 44, unless the context otherwise requires:

(18.5) “FERMENTED MALT BEVERAGE AND WINE RETAILER” MEANS A RETAILER LICENSED UNDER ARTICLE 4 OF THIS TITLE 44 TO SELL FERMENTED MALT BEVERAGES AND WINE, BUT NOT SPIRITUOUS LIQUORS, IN ORIGINAL SEALED CONTAINERS FOR CONSUMPTION OFF THE LICENSED PREMISES.

(32.5) “OFF PREMISES RETAILER” MEANS ANY RETAILER LICENSEE UNDER THIS ARTICLE 3 OR ARTICLE 4 OF THIS TITLE 44 THAT IS ALLOWED TO SELL ALCOHOL BEVERAGES AT RETAIL FOR CONSUMPTION OFF THE LICENSED PREMISES.

(60.5) “WINE” MEANS VINOUS LIQUORS.

SECTION 3. In Colorado Revised Statutes, 44-3-301, **amend** 9(a)(I)(B), 10(b), 10(c)(I)(A), 10(c)(XII), 10(d), 10(e) and (12)(a.5)(I); and **add** (12)(a.5)(III) and (IV) as follows:

44-3-301. Licensing in general.

(9)(a)(I)(B) The state and local licensing authorities shall not grant permission under this subsection (9)(a)(I) to a fermented malt beverage AND WINE retailer licensed under section 44-4-107 (1)(a) to move its permanent location if the new location is: Within one thousand five hundred feet of a retail liquor store licensed under section 44-3-409; for a premises located in a municipality with a population of ten thousand or fewer, within three thousand feet of a retail liquor store licensed under section 44-3-409; or, for a premises located in a municipality with a population of ten thousand or fewer that is contiguous to the city and county of Denver, within one thousand five hundred feet of a retail liquor store licensed under section 44-3-409.

(10)(b) A retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee who wishes to conduct tastings may submit an application or application renewal to the local licensing authority. The local licensing authority may reject the application if the applicant fails to establish that he or she is able to conduct tastings without violating the provisions of this section or creating a public safety risk to the neighborhood. A local licensing authority may establish its own application procedure and may charge a reasonable application fee.

10(c)(I)(A) By a person who: Has completed a server training program that meets the standards established by the liquor enforcement division in the department and is a retail liquor store, ~~or~~

liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee, an employee of a retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee, or a representative, employee, or agent of the licensed wholesaler, brew pub, distillery pub, manufacturer, limited winery, importer, or vintner's restaurant promoting the alcohol beverages for the tasting; and

10(c)(XII) No manufacturer of spirituous or vinous liquors shall induce a licensee through free goods or financial or in-kind assistance to favor the manufacturer's products being sampled at a tasting. The retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee bears the financial and all other responsibility for a tasting conducted on its licensed premises.

10(d) A violation of a limitation specified in this subsection (10) by a retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee, whether by the licensee's employees, agents, or otherwise or by a representative, employee, or agent of the licensed wholesaler, brew pub, distillery pub, manufacturer, limited winery, importer, or vintner's restaurant that promoted the alcohol beverages for the tasting, is the responsibility of, and section 44-3-801 applies to, the retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee that conducted the tasting.

10(e) A retail liquor store, ~~or~~ liquor-licensed drugstore, OR FERMENTED MALT BEVERAGE AND WINE RETAILER licensee conducting a tasting shall be subject to the same revocation, suspension, and enforcement provisions as otherwise apply to the licensee.

(12)(a.5)(I) Notwithstanding any other provision of ~~this article 3~~, SUBSECTION 12(a) OF THIS SECTION, on and after ~~June 4, 2018~~, March 1, 2023, the state and local licensing authorities shall not issue a new fermented malt beverage AND WINE retailer's license under article 4 of this title 44 authorizing the sale at retail of fermented malt beverages AND WINE in sealed containers for consumption off the licensed premises if the premises for which the retail license is sought is located within five hundred feet of a retail liquor store licensed under section 44-3-409.

(12)(a.5)(III) THIS SUBSECTION (12)(a.5) DOES NOT APPLY TO THE CONVERSION OF A LICENSE UNDER SECTION 44-4-107(1)(a.5).

(12)(a.5)(IV) NOTWITHSTANDING ANY OTHER PROVISION OF SUBSECTION 12(a) OF THIS SECTION, THE STATE AND LOCAL LICENSING AUTHORITIES SHALL NOT ISSUE A NEW RETAIL LIQUOR STORE LICENSE UNDER ARTICLE 3 OF THIS TITLE 44 AUTHORIZING THE SALE AT RETAIL OF MALT, VINOUS, OR SPIRITUOUS LIQUORS IN SEALED CONTAINERS FOR CONSUMPTION OFF THE LICENSED PREMISES IF THE PREMISES FOR WHICH THE RETAIL LICENSE IS SOUGHT IS LOCATED WITHIN FIVE HUNDRED FEET OF A FERMENTED MALT BEVERAGES AND WINE RETAILER LICENSED UNDER SECTION 44-4-107.

SECTION 4. In Colorado Revised Statutes, 44-3-313, **amend** (1)(e)(I), (1)(e)(II), (1)(e)(IV), and (1)(e)(V) as follows:

44-3-313. Restrictions for applications for new license.

(1)(e)(I) If the building in which the fermented malt beverages AND WINE are to be sold pursuant to a license under section 44-4-107 (1)(a) is located within five hundred feet of any public or

parochial school or the principal campus of any college, university, or seminary; except that this subsection (1)(e)(I) does not apply to:

- (A) Licensed premises located or to be located on land owned by a municipality;
- (B) An existing licensed premises on land owned by the state;
- (C) A fermented malt beverage AND WINE retailer that held a valid license and was actively doing business before the principal campus was constructed;
- (D) A club located within the principal campus of any college, university, or seminary that limits its membership to the faculty or staff of the institution; or
- (E) A campus liquor complex.

(1)(e)(II) The distances referred to in subsection (1)(e)(I) of this section are to be computed by direct measurement from the nearest property line of the land used for school purposes to the nearest portion of the building in which fermented malt beverages AND WINE are to be sold, using a route of direct pedestrian access.

(1)(e)(IV) In addition to the requirements of section 44-3-312 (2), the local licensing authority shall consider the evidence and make a specific finding of fact as to whether the building in which the fermented malt beverages AND WINE are to be sold is located within any distance restriction established by or pursuant to this subsection (1)(e). The finding is subject to judicial review pursuant to section 44-3-802.

(1)(e)(V) This subsection (1)(e) applies to:

(A) Applications for new fermented malt beverage AND WINE retailer's licenses under section 44-4-107 (1)(a) submitted on or after ~~June 4, 2018~~ MARCH 1, 2023; and

(B) Applications submitted on or after ~~June 4, 2018~~ MARCH 1, 2023, under section 44-3-301 (9) by fermented malt beverage AND WINE retailers licensed under section 44-4-107 (1)(a) to change the permanent location of the fermented malt beverage AND WINE retailer's licensed premises.

SECTION 5. In Colorado Revised Statutes, 44-3-901, **amend** (1)(g), (1)(i)(III), (6)(i)(II), (6)(k)(I), (6)(k)(II)(B), (6)(k)(IV), (6)(k)(V), and (6)(p)(III), and (8)(b) as follows:
44-3-901. Unlawful acts - exceptions - definitions.

(1)(g) To sell at retail any malt, vinous, or spirituous liquors in sealed containers without holding a retail liquor store or liquor-licensed drugstore license, except as permitted by section 44-3-107 (2) or 44-3-301 (6)(b) or any other provision of this article 3, or to sell at retail any fermented malt beverages in sealed containers without holding a fermented malt beverage retailer's license under section 44-4-104 (1)(c) OR TO SELL AT RETAIL ANY FERMENTED MALT BEVERAGES AND WINE IN SEALED CONTAINERS WITHOUT HOLDING A FERMENTED MALT BEVERAGE AND WINE RETAILER'S LICENSE UNDER SECTION 44-4-107 (1)(a).

(1)(i)(III)(A) Notwithstanding subsection (1)(i)(I) of this section, it shall not be unlawful for adult patrons of a retail liquor store, liquor-licensed drugstore or FERMENTED MALT BEVERAGE AND WINE RETAILER licensee to consume malt, vinous, or spirituous liquors on the licensed premises when the consumption is conducted within the limitations of the licensee's license and is part of a tasting if authorization for the tasting has been granted pursuant to section 44-3-301.

(1)(i)(III)(B) NOTWITHSTANDING SUBSECTION (1)(i)(I) OF THIS SECTION, IT SHALL NOT BE UNLAWFUL FOR ADULT PATRONS OF A FERMENTED MALT BEVERAGE AND WINE RETAILER LICENSEE TO CONSUME MALT, OR VINOUS LIQUORS ON THE LICENSED PREMISES WHEN THE CONSUMPTION IS CONDUCTED WITHIN THE LIMITATIONS OF THE LICENSEE'S LICENSE AND IS PART OF A TASTING IF AUTHORIZATION FOR THE TASTING HAS BEEN GRANTED PURSUANT TO SECTION 44-3-301.

(6)(i)(II) Notwithstanding subsection (6)(i)(I) of this section, it shall not be unlawful for a retail liquor store, liquor-licensed drugstore or FERMENTED MALT BEVERAGE AND WINE RETAILER licensee to allow tastings to be conducted on his or her licensed premises if authorization for the tastings has been granted pursuant to section 44-3-301.

(6)(k)(I) Except as provided in subsections (6)(k)(II), (6)(k)(IV), and (6)(k)(V) of this section, to have on the licensed premises, if licensed as a retail liquor store, liquor licensed drugstore, fermented malt beverage retailer, OR FERMENTED MALT BEVERAGE AND WINE RETAILER, any container that shows evidence of having once been opened or that contains a volume of liquor less than that specified on the label of the container;

(6)(k)(II)(B) A person holding a fermented malt beverage AND WINE retailer's license under section 44-4-107 (1)(a) may have upon the licensed premises fermented malt beverages AND WINE in open containers when the open containers were brought onto the licensed premises by and remain solely in the possession of the sales personnel of a person licensed to sell at wholesale pursuant to article 4 of this title 44 for the purpose of sampling fermented malt beverages AND WINE by the fermented malt beverage AND WINE retailer licensee only.

(6)(k)(IV) It is not unlawful for a retail liquor store, liquor-licensed drugstore or FERMENTED MALT BEVERAGE AND WINE RETAILER licensee to allow tastings to be conducted on the licensed premises if authorized for the tastings has been granted pursuant to section 44-3-301.

(6)(k)(V) A person holding a retail liquor store or liquor-licensed drugstore license under this article 3 or a fermented malt beverage AND WINE retailer's license under section 44-4-107 (1)(a) may have upon the licensed premises an open container of an alcohol beverage product that the licensee discovers to be damaged or defective so long as the licensee marks the product as damaged or for return and stores the open container outside the sales area of the licensed premises until the licensee is able to return the product to the wholesaler from whom the product was purchased.

(6)(p)(III) If licensed as a retail liquor store under section 44-3-409, a liquor-licensed drugstore under section 44-3-410, or a fermented malt beverage AND WINE retailer under section 44-4-107 (1)(a), to permit an employee OR ANY OTHER PERSON who is under twenty-one years of age to deliver malt, vinous, or spirituous liquors or fermented malt beverages offered for sale on, or sold and removed from, the licensed premises of the retail liquor store, liquor-licensed drugstore, or fermented malt beverage AND WINE retailer.

(8)(b) Notwithstanding subsection (8)(a) of this section, it shall not be unlawful for a retail liquor store, liquor-licensed drugstore or FERMENTED MALT BEVERAGE AND WINE RETAILER licensee to

allow tasting to be conducted on his or her licensed premises if authorization for the tastings has been granted pursuant to section 44-3-301.

SECTION 6. In Colorado Revised Statutes, **amend** 44-4-101 as follows:

44-4-101. Short title.

The short title of this article 4 is SHALL BE KNOWN AND MAY BE CITED AS the “Colorado Beer AND WINE Code”.

SECTION 7. In Colorado Revised Statutes, **amend** 44-4-102 as follows:

44-4-102. Legislative declaration.

(1) The general assembly hereby declares that it is in the public interest that fermented malt beverages AND WINE FOR CONSUMPTION OFF THE PREMISES OF THE LICENSEE, FERMENTED MALT BEVERAGES FOR CONSUMPTION ON THE PREMISES OF THE LICENSEE, AND FERMENTED MALT BEVERAGES FOR CONSUMPTION BOTH ON AND OFF THE PREMISES OF THE LICENSEE shall be sold at retail only by persons licensed as provided in this ~~article 4~~ TITLE 44. The general assembly further declares that it is lawful to sell fermented malt beverages AND WINE at retail subject to this article 4 and applicable provisions of articles 3 and 5 of this title 44.

(2) The general assembly further recognizes that fermented malt beverages and malt liquors are separate and distinct from, and have a unique regulatory history in relation to, vinous and spirituous liquors; however, ~~fermented malt beverages and malt liquors are separate and distinct from, and have a unique regulatory history in relation to, vinous and spirituous liquors; however,~~ maintaining a separate regulatory framework and licensing structure for fermented malt beverages AND FERMENTED MALT BEVERAGES AND WINE under this article 4 is no longer necessary except at the retail level. Furthermore, to aid administrative efficiency, article 3 of this title 44 applies to the regulation of fermented malt beverages AND FERMENTED MALT BEVERAGES AND WINE, except when otherwise expressly provided for in this article 4.

SECTION 8. In Colorado Revised Statutes, 44-4-103, **amend** (2) and (3), and **add** (7) as follows:

44-4-103. Definitions.

Definitions applicable to this article 4 also appear in article 3 of this title 44. As used in this article 4, unless the context otherwise requires:

(2) "License" means a grant to a licensee to sell fermented malt beverages OR FERMENTED MALT BEVERAGES AND WINE at retail as provided by this article 4.

(3) "Licensed premises" means the premises specified in an application for a license under this article 4 that are owned or in possession of the licensee and within which the licensee is authorized to sell, dispense, or serve fermented malt beverages OR FERMENTED MALT BEVERAGES AND WINE in accordance with the provisions of this article 4.

(7) "WINE" MEANS VINOUS LIQUORS AS DEFINED IN SECTION 44-3-103(59), WHEN PURCHASED BY A FERMENTED MALT BEVERAGE AND WINE RETAILER FROM A WHOLESALER LICENSED PURSUANT TO ARTICLE 3 OF THIS TITLE 44.

SECTION 9. In Colorado Revised Statutes, 44-4-104, **amend** (1), (1)(c)(I)(A), and (1)(c)(I)(B) as follows:

44-4-104. Licenses - state license fees – requirements – definition.

(1) The licenses to be granted and issued by the state licensing authority pursuant to this article 4 for the retail sale of fermented malt beverages OR FERMENTED MALT BEVERAGES AND WINE are as follows:

(1)(c)(I)(A) A retailer's license shall be granted and issued to any person, partnership, association, organization, or corporation qualifying under section 44-3-301 and not prohibited from licensure under section 44- 3-307 to sell at retail fermented malt beverages AND WINE either for consumption off the licensed premises, OR FERMENTED MALT BEVERAGES for consumption on the licensed premises or, subject to subsection (1)(c)(III) of this section, FERMENTED MALT BEVERAGES for consumption on and off the licensed premises, upon paying an annual license fee of seventy-five dollars to the state licensing authority.

(1)(c)(I)(B) A person licensed pursuant to this subsection (1)(c) to sell fermented malt beverages OR FERMENTED MALT BEVERAGES AND WINE at retail shall purchase the fermented malt beverages OR FERMENTED MALT BEVERAGES AND WINE only from a wholesaler licensed pursuant to article 3 of this title 44.

SECTION 10. In Colorado Revised Statutes, 44-4-105, **amend** (1)(a)(I)(A) as follows:

44-4-105. Fees and taxes - allocation.

(1)(a)(I)(A) Applications for new fermented malt beverage AND NEW FERMENTED MALT BEVERAGE AND WINE RETAILER licenses pursuant to section 44-3-301 and rules thereunder;

SECTION 11. In Colorado Revised Statutes, 44-4-106, **amend** (1), (1)(a), and (1)(b) as follows:

44-4-106. Lawful acts.

(1) It is lawful for a person under eighteen years of age who is under the supervision of a person on the premises eighteen years of age or older to be employed in a place of business where fermented malt beverages OR WINE are sold at retail in containers for off-premises consumption. During the normal course of such employment, any person under twenty-one years of age may handle and otherwise act with respect to fermented malt beverages OR WINE in the same manner as that person does with other items sold at retail; except that:

(a) A person under eighteen years of age shall not sell or dispense fermented malt beverages OR WINE, check age identification, or make deliveries beyond the customary parking area for the customers of the retail outlet; and

(b) A person who is under twenty-one years of age shall not deliver fermented malt beverages OR WINE in sealed containers to customers.

SECTION 12. In Colorado Revised Statutes, 44-4-107, **amend** (1), (1)(a), (1)(b), (1)(c)(I), (4), (4)(a)(I), (4)(a)(II), (4)(b), (5), and (6), and **add** (1)(a.5) and (7) as follows:

44-4-107. Local licensing authority - application – fees – definition – rules.

(1) The local licensing authority shall issue only the following classes of ~~fermented malt beverage~~ licenses:

(a) Sales OF FERMENTED MALT BEVERAGES AND WINE for consumption off the premises of the licensee;

(a.5) LICENSES ISSUED BY THE LOCAL AND STATE LICENSING AUTHORITIES UNDER THIS SUBSECTION (1)(a) OF THIS SECTION IN EFFECT ON MARCH 1, 2023, SHALL IMMEDIATELY CONVERT FROM A FERMENTED MALT BEVERAGE FOR CONSUMPTION OFF THE PREMISES TO A FERMENTED MALT BEVERAGES AND WINE RETAILER, ON MARCH 1, 2023, WITHOUT ANY FURTHER ACT BY THE STATE OR LOCAL LICENSING AUTHORITY OR THE LICENSEE.

(b) Sales OF FERMENTED MALT BEVERAGES for consumption on the premises of the licensee;

(c)(I) Subject to subsections (1)(c)(II) and (1)(c)(III) of this section, sales OF FERMENTED MALT BEVERAGES for consumption both on and off the premises of the licensee.

(4) On or after ~~January 1, 2019~~ MARCH 1, 2023, a fermented malt beverage AND WINE retailer licensed under subsection (1)(a) of this section:

(a)(I) Shall not sell fermented malt beverages OR WINE to consumers at a price that is below the retailer's cost, as listed on the invoice, to purchase the fermented malt beverages OR WINE, unless the sale is of discontinued or close-out fermented malt beverages OR WINE.

(II) This subsection (4)(a) does not prohibit a fermented malt beverage AND WINE retailer from operating a bona fide loyalty or rewards program for fermented malt beverages OR WINE so long as the price for the product is not below the retailer's costs as listed on the invoice. The state licensing authority may adopt rules to implement this subsection (4)(a).

(b) Shall not allow consumers to purchase fermented malt beverages OR WINE at a self-checkout or other mechanism that allows the consumer to complete the fermented malt beverages OR WINE purchase without assistance from and completion of the entire transaction by an employee of the fermented malt beverage AND WINE retailer.

(5) A person licensed under subsection (1)(a) of this section that holds multiple fermented malt beverage AND WINE retailer's licenses for multiple licensed premises may operate under a single or consolidated corporate entity but shall not commingle purchases of or credit extensions for purchases of alcohol beverage product from a wholesaler licensed under article 3 of this title 44 for more than one licensed premises. A wholesaler licensed under article 3 of this title 44 shall

not base the price for the alcohol beverage product it sells to a fermented malt beverage AND WINE retailer licensed under subsection (1)(a) of this section on the total volume of alcohol beverage product that the retailer purchases for multiple licensed premises.

(6) (a) A person licensed under subsection (1)(a) of this section who complies with this subsection (6) and rules promulgated under this subsection (6) SECTION 44-4-107(1) may deliver fermented malt beverages OR WINE in sealed containers to a person of legal age if:

(7) A FERMENTED MALT BEVERAGE AND WINE RETAILER MAY ALLOW TASTINGS OF FERMENTED MALT BEVERAGES OR WINE TO BE CONDUCTED ON THE LICENSED PREMISES IF THE LICENSEE HAS RECEIVED AUTHORIZATION TO CONDUCT TASTINGS PURSUANT TO SECTION 44-3-301.

SECTION 13. Effective date:

This act takes effect on March 1, 2023.