

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-0344.01 Christy Chase x2008

HOUSE BILL 14-1034

HOUSE SPONSORSHIP

Williams,

SENATE SPONSORSHIP

Jahn,

House Committees

Business, Labor, Economic, & Workforce Development

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A WINE PACKAGING PERMIT TO**
102 **ALLOW CERTAIN ALCOHOL BEVERAGE LICENSEES TO PACKAGE**
103 **WINE PRODUCED BY ANOTHER WINE MANUFACTURER, AND, IN**
104 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill creates a wine packaging permit under which a licensed winery, limited winery, or wholesaler may package wine produced by

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

another manufacturer as long as the federal excise tax on the wine has already been paid. A winery, limited winery, or wholesaler that obtains a wine packaging permit must take possession of the tax-paid wine produced by another manufacturer, package it, then return it to the original manufacturer or to the manufacturer's licensed wholesaler. If the wholesaler that packages tax-paid wine is the original manufacturer's licensed wholesaler, the wholesaler is not required to return the packaged wine to the manufacturer.

A winery or limited winery that packages tax-paid wine cannot sell or distribute the packaged wine to a licensed retailer or directly to a consumer.

The bill authorizes the department of revenue, acting as the state licensing authority for alcohol beverage licenses, to issue wine packaging permits, set permit application fees, and assess annual permit fees.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 12-47-103, **add**
3 (22.5) and (38.5) as follows:

4 **12-47-103. Definitions.** As used in this article and article 46 of
5 this title, unless the context otherwise requires:

6 (22.5) "PACKAGE", "PACKAGED", OR "PACKAGING" MEANS THE
7 PROCESS BY WHICH WINE IS BOTTLED, CANNED, KEGGED, OR OTHERWISE
8 PACKED INTO A SEALED CONTAINER.

9 (38.5) "TAX-PAID WINE" MEANS VINOUS LIQUORS ON WHICH
10 FEDERAL EXCISE TAXES HAVE BEEN PAID.

11 **SECTION 2.** In Colorado Revised Statutes, 12-47-401, **amend**
12 (1) introductory portion; and **add** (1) (u) as follows:

13 **12-47-401. Classes of licenses.** (1) For the purpose of regulating
14 the manufacture, sale, and distribution of alcohol beverages, the state
15 licensing authority in its discretion, upon application in the prescribed
16 form made to it, may issue and grant to the applicant a license OR PERMIT
17 from any of the following classes, subject to the provisions and

1 restrictions provided by this article:

2 (u) WINE PACKAGING PERMIT.

3 **SECTION 3.** In Colorado Revised Statutes, **add** 12-47-423 as
4 follows:

5 **12-47-423. Wine packaging permit - limitations - rules.**

6 (1) (a) THE STATE LICENSING AUTHORITY MAY ISSUE A WINE PACKAGING
7 PERMIT TO A WINERY LICENSED UNDER SECTION 12-47-402, A LIMITED
8 WINERY LICENSED UNDER SECTION 12-47-403, OR A WHOLESALER
9 LICENSED UNDER SECTION 12-47-406 THAT ALLOWS THE LICENSED
10 WINERY, LIMITED WINERY, OR WHOLESALER TO PACKAGE TAX-PAID WINE
11 MANUFACTURED BY ANOTHER WINERY OR MANUFACTURER.

12 (b) A LICENSED WINERY, LIMITED WINERY, OR WHOLESALER THAT
13 OBTAINS A WINE PACKAGING PERMIT UNDER THIS SECTION SHALL:

14 (I) TAKE POSSESSION AND CUSTODY OF THE TAX-PAID WINE THAT
15 IT PACKAGES; AND

16 (II) RETURN THE PACKAGED TAX-PAID WINE EITHER TO THE
17 ORIGINAL MANUFACTURER OF THE TAX-PAID WINE OR TO THE ORIGINAL
18 MANUFACTURER'S LICENSED WHOLESALER; EXCEPT THAT, IF THE ORIGINAL
19 MANUFACTURER'S WHOLESALER OBTAINS A WINE PACKAGING PERMIT
20 PURSUANT TO THIS SECTION, THE WHOLESALER NEED NOT RETURN THE
21 PACKAGED TAX-PAID WINE TO THE ORIGINAL MANUFACTURER.

22 (2) A LICENSED WINERY OR LIMITED WINERY THAT OBTAINS A
23 WINE PACKAGING PERMIT PURSUANT TO THIS SECTION SHALL NOT SELL OR
24 DISTRIBUTE TAX-PAID WINE IT PACKAGES:

25 (a) TO A PERSON LICENSED TO SELL ALCOHOL BEVERAGES AT
26 RETAIL, FOR CONSUMPTION ON OR OFF THE LICENSED PREMISES, UNDER
27 SECTION 12-47-407, 12-47-408, 12-47-409, 12-47-410, 12-47-411,

1 12-47-412, 12-47-413, 12-47-414, 12-47-415, 12-47-416, 12-47-417,
2 12-47-418, 12-47-419, 12-47-420, OR 12-47-422; OR

3 (b) DIRECTLY TO A CONSUMER.

4 (3) THE STATE LICENSING AUTHORITY MAY ADOPT RULES AS
5 NECESSARY TO IMPLEMENT AND ADMINISTER THIS SECTION.

6 **SECTION 4.** In Colorado Revised Statutes, 12-47-501, **amend**
7 (1) introductory portion, (2) (a) (XIII), and (2) (a) (XIV); and **add** (1) (s)
8 and (2) (a) (XV) as follows:

9 **12-47-501. State fees.** (1) The following license AND PERMIT fees
10 shall be paid to the department of revenue annually in advance:

11 (s) FOR EACH WINE PACKAGING PERMIT, TWO HUNDRED DOLLARS.

12 (2) (a) The state licensing authority shall establish fees for
13 processing the following types of applications, notices, or reports
14 required to be submitted to the state licensing authority:

15 (XIII) Expired license renewal applications pursuant to section
16 12-47-302; and

17 (XIV) Notice of change of name or trade name pursuant to
18 section 12-47-301 and rules adopted pursuant to that section; AND

19 (XV) APPLICATIONS FOR WINE PACKING PERMITS PURSUANT TO
20 SECTION 12-47-423.

21 **SECTION 5. Appropriation.** (1) In addition to any other
22 appropriation, there is hereby appropriated, out of any moneys in the
23 liquor enforcement division and state licensing authority cash fund
24 created in section 24-35-401, Colorado Revised Statutes, not otherwise
25 appropriated, to the department of revenue, for the fiscal year beginning
26 July 1, 2014, the sum of \$5,202, or so much thereof as may be necessary,
27 to be allocated for the implementation of this act as follows:

1 (a) \$1,082 to the liquor and tobacco enforcement division for
2 personal services; and

3 (b) \$4,120 for the purchase of computer center services.

4 (2) In addition to any other appropriation, there is hereby
5 appropriated to the governor - lieutenant governor - state planning and
6 budgeting, for the fiscal year beginning July 1, 2014, the sum of \$4,120,
7 or so much thereof as may be necessary, for allocation to the office of
8 information technology, for the provision of computer center services for
9 the department of revenue related to the implementation of this act. Said
10 sum is from reappropriated funds received from the department of
11 revenue out of the appropriation made in paragraph (b) of subsection (1)
12 of this section.

13 **SECTION 6. Safety clause.** The general assembly hereby finds,
14 determines, and declares that this act is necessary for the immediate
15 preservation of the public peace, health, and safety.