

**UPDATED SUMMARY
SENATE BILL 16-197**

Second Regular Session - Seventieth Colorado General Assembly

This summary applies to the reengrossed version of this bill as introduced in the second house. It does not reflect any amendments that may be subsequently adopted. This summary reflects only the main points of the legislation.

Starting July 1, 2016, the bill prohibits the state and local licensing authorities from issuing new liquor-licensed drugstore and retail liquor store licenses if the premises for which a license is sought is located within 1,500 feet of another premises licensed to sell malt, vinous, or spirituous liquors at retail in sealed containers for consumption off the licensed premises or, if located in a municipality with a population of 10,000 or fewer, located within 3,000 feet of an off-premises retailer.

On or after January 1, 2017, ~~and before January 1, 2027~~, the bill allows a liquor-licensed drugstore to obtain ~~up to 5~~ additional liquor-licensed drugstore licenses, under which drugstores are permitted to sell malt, vinous, and spirituous liquors in sealed containers for consumption off the licensed premises, ~~On or after January 1, 2017, and before January 1, 2027, a liquor-licensed drugstore seeking to obtain an additional liquor-licensed drugstore license must apply if the liquor-licensed drugstore licensee:~~

- !* ~~Applies to the state and local licensing authorities, as part of a single application, to transfer ownership of at least 2 retail liquor stores that were licensed or for which a license application was pending as of the effective date of the bill May 1, 2016, change the location of one of the retail liquor stores, and merge and convert the 2 retail liquor store licenses into a single liquor-licensed drugstore license; Assuming all other requirements for the transfer, merger, and conversion are satisfied, the application is permitted only if:~~
- ~~! The applicant has paid a purchase price of at least \$350,000 per retail liquor store to acquire ownership of the 2 retail liquor stores;~~
- ~~! The subject retail liquor store and the drugstore applicant's premises are within the jurisdiction of the same local licensing authority; and~~
- ~~! The drugstore's licensed premises will not be located within 2,500 feet of another licensed liquor retailer within the same local licensing authority's jurisdiction.~~
- !* *Applies to transfer retail liquor stores located within the same local licensing jurisdiction as the drugstore premises for which a license is sought, or if there are no retail liquor stores or only one retail liquor store within the same jurisdiction, applies to transfer ownership of one or 2 retail liquor store licenses, as necessary, that are located in the local licensing jurisdiction nearest to the jurisdiction in which the drugstore premises is located; and*
- !* *If any retail liquor stores are located within 1,500 feet of the drugstore premises for which a license is sought or, in municipalities with a population*

of 10,000 or fewer, within 3,000 feet of the drugstore premises, the applicant transfers ownership of all retail liquor stores within that radius.

In making its determination on the application, the local licensing authority ~~may~~ *is required to consider the reasonable requirements of the neighborhood. Additionally, new liquor-licensed drugstores must be open to the public and must demonstrate that at least 20% of their total annual gross revenues are derived from the sale of food items.*

~~Starting January 1, 2027,~~ A liquor-licensed drugstore may obtain ~~an unlimited number of additional liquor-licensed drugstore licenses without acquiring and converting 2 retail liquor store licenses as follows:~~

- ! On or after January 1, 2017, and before January 1, 2022, 4 additional liquor-licensed drugstore licenses for a maximum of 5 total liquor-licensed drugstore licenses;*
- ! On or after January 1, 2022, and before January 1, 2027, 7 additional liquor-licensed drugstore licenses for a maximum of 8 total liquor-licensed drugstore licenses;*
- ! On or after January 1, 2027, and before January 1, 2032, 12 additional liquor-licensed drugstore licenses for a maximum of 13 total liquor-licensed drugstore licenses;*
- ! On or after January 1, 2032, and before January 1, 2037, 19 additional liquor-licensed drugstore licenses for a maximum of 20 total liquor-licensed drugstore licenses; and*
- ! On or after January 1, 2037, an unlimited number of additional liquor-licensed drugstore licenses.*

A liquor-licensed drugstore shall:

- ! Not sell alcohol beverages at a price that is lower than the drugstore's cost to purchase the products;*
- ! Ensure that an employee completes alcohol beverage transactions with customers directly rather than through a self-checkout register;*
- ! ~~Ensure that employees who are involved in selling alcohol beverages~~ Maintain certification as a responsible alcohol beverage ~~vendors~~ vendor;*
- ! Not sell clothing or accessories imprinted with advertising, logos, or slogans related to alcohol beverages;*
- ! Not store alcohol products off the licensed premises; and*
- ! Designate a manager who has been permitted by the state licensing authority to conduct the store's alcohol beverage purchases with licensed wholesalers.*
- ~~*! Shelve and display its alcohol beverage merchandise separately from nonalcohol products it offers for sale.*~~

Additionally, a drugstore that obtains a liquor license on or after January 1, 2017, must effect payment upon delivery and cannot purchase alcohol beverages on credit.

~~The bill removes the maximum alcohol content of fermented malt beverages, thereby allowing licensed fermented malt beverage retailers to sell beer with an alcohol content in~~

~~excess of 3.2% by weight or 4% by volume.~~

Wholesalers, manufacturers, and their employees cannot stock liquor-licensed drugstore shelves with alcohol beverages or otherwise provide shelving, displaying, or similar services to a liquor-licensed drugstore.

The state licensing authority may issue a manager's permit to a liquor-licensed drugstore manager who controls the drugstore's alcohol beverage operations if the permit applicant satisfies specified criteria.

A liquor-licensed drugstore must pay an application fee to both the state licensing authority and the local licensing authority and, if the application is granted, is subject to applicable annual liquor-licensed drugstore licensing fees.

Effective January 1, 2019, the bill removes the maximum alcohol content of fermented malt beverages, thereby allowing licensed fermented malt beverage retailers to sell beer with an alcohol content in excess of 3.2% by weight or 4% by volume. The state licensing authority is to convene a working group of industry and state and local government representatives to develop an implementation process for transitioning to the sale of malt liquor by fermented malt beverage retailers.

The bill ~~expands the~~ *removes restrictions on the sale of nonalcohol products that by a retail liquor store may sell, including soft drinks, snack foods, wine-, beer-, and spirits-making kits and related supplies, clothing and accessories related to alcohol beverages, lottery tickets, tobacco and related products, and any other merchandise not related to the consumption of alcohol beverages if but caps the annual gross revenue from the other merchandise does not exceed sale of nonalcohol products as 20% of the retail liquor store's total annual gross revenue.*

The bill permits a retail liquor store owner *who is a Colorado resident and who obtained a retail liquor store license on or before January 1, 2016* to have an interest in ~~up to 5~~ *additional retail liquor store licenses as follows, if the premises for which the additional license is sought satisfies the radius requirements:*

- ! On or after January 1, 2017, and before January 1, 2022, one additional retail liquor store license, for a maximum of 2 total retail liquor store licenses;*
- ! On or after January 1, 2022, and before January 1, 2027, 2 additional retail liquor store licenses, for a maximum of 3 total retail liquor store licenses; and*
- ! On or after January 1, 2027, 3 additional retail liquor store licenses, for a maximum of 4 total retail liquor store licenses.*

All licensed retailers will have to verify that each customer attempting to purchase alcohol beverages is at least 21 years of age by requiring the customer to present a valid, government-issued document that includes the customer's photograph and date of birth.

~~A~~ *Additionally, liquor-licensed drugstore is and retail liquor store licensees are prohibited from allowing an employee under 21 years of age to sell, deliver, or otherwise have contact with malt, vinous, or spirituous liquors offered for sale on, or sold and removed from, the licensed premises.*

Italicized words indicate new material added to the original summary; dashes through words indicate deletions from the original summary.
Prepared by the Office of Legislative Legal Services.