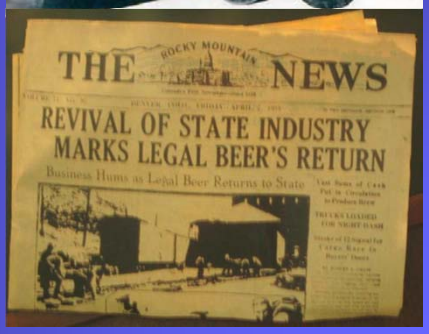
LIQUOR LICENSING & ENFORCEMENT IN THE STATE OF COLORADO

Colorado Liquor & Tobacco Enforcement Division

December 2012

History

- Prohibition starts in 1920 after passage of 18th Amendment
- Prohibition ends in 1933 with passage of 21st Amendment
- Liquor control turned over to states from federal government
- *Toward Liquor Control* offers states one of two regulatory models – Regulation by License or State Authority (Control)
- Colorado adopts Regulation by License model with enactment of Colorado Liquor Code in 1935



THE ROCKY MOUNTAIN NEWS

REVIVAL OF STATE INDUSTRY MARKS LEGAL BEER'S RETURN

Business Hums as Legal Beer Returns to State

Dual Licensing Authorities

Local Licensing Authority Roles

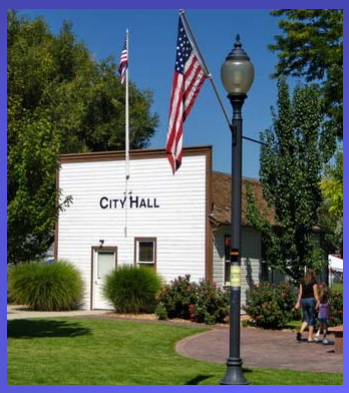
- City - City Council / Licensing Board / Hearing Officer
- County - Board of County Commissioners

- Deny, Issue, Suspend, or Revoke Retail Licenses, Temporary Permits for Transfers, Special Permits

- Establish community standards
  - ~ Reasonable requirements
  - ~ Adult needs and desires
  - ~ Undue concentration (taverns & liquor stores only)

- Conduct public hearings
  - ~ Public posting requirements
  - ~ "Parties in interest" testimony

- Enforcement at the local level



Dual Licensing Authorities

State Licensing Authority Roles

- Executive Director of Department of Revenue – Barbara J. Brohl
- Liquor & Tobacco Enforcement Licensing Staff
  Process over 14,000 license and permit applications & reports of changes

- Review licenses issued by Local Authorities before issuing State license
  - ~ Can only deny based on premises not meeting requirements, character of applicant(s), or needs of locality adequately met by existing licenses

- Act as Local Licensing Authority for licenses on State-owned property

- Deny, Issue, Suspend, or Revoke State-Issued Licenses, Special Events Permits, and Reports of Changes

- Promulgate Liquor Regulations through rulemaking process

- Collect sales and excise taxes

- Enforce Colorado Liquor Code and Regulations on statewide basis

Liquor License Types

Local-Issued Licenses

Off-Premise Retail Licenses
- ~ Retail Liquor Store
- ~ Liquor Licensed Drug Store

On-Premise Retail Licenses
- ~ Arts
- ~ Beer & Wine
- ~ Brew Pub
- ~ Club License
- ~ Hotel & Restaurant
- ~ Optional Premises
- ~ Racetrack
- ~ Resort Complex
- ~ Retail Gaming Tavern
- ~ Tavern
- ~ Vintner's Restaurant

Retail 3.2% Beer Licenses
- ~ Off-Premise
- ~ On-Premise
- ~ Combined On- and Off-Premise

Local-Approved Special Permits

Temporary Permits for Transfer Applications

Liquor License Types

State-Issued Licenses, Permits & Reports of Changes

All Local-Issued License Types

Manufacturer Licenses
- ~ Brewery
- ~ Distillery & Rectifier
- ~ Limited Winery
- ~ Winery
- ~ 3.2% Beer
- ~ Non-Resident Manufacturer (Malt Liquor and 3.2% Beer)

Wholesaler & Importer Licenses
- ~ Malt Liquor
- ~ Vinous & Spirituous
- ~ 3.2% Beer

Public Transportation License

Permits
- ~ Art Gallery
- ~ Bed & Breakfast
- ~ Retail Warehouse Storage
- ~ State-Issued Special Event
- ~ Wholesale Branch Warehouse
- ~ Wine Delivery
- ~ Wine Festival

Reports of Changes
- ~ Modification of Premises
- ~ Change of Location
- ~ Change of Trade or Corporate Name
- ~ Corporate Structure Change
- ~ Limited Liability Change
- ~ Manager Registration

Master Files (Business & Individual)

Three-Tier Structure

1. Manufacturer Tier
2. Wholesaler/Supplier Tier
3. Retailer Tier

Statutory Financial Interest Restrictions

~ Prohibits first two tiers from having financial interest in Retailer tier

Unfair Trade Practices and Competition Regulations

~ Restricts trade practices that can be construed as financial interests to prevent influence and control by first two tiers over Retailer tier

Financial Restrictions

DR 8487 (04/15/09)
COLORADO DEPARTMENT OF REVENUE
LIQUOR ENFORCEMENT DIVISION

MULTIPLE INTERESTS

Spaces marked with a "●" denote lawful financial interests among types of licenses.
Spaces which are blank denote unlawful financial interests among types of licenses.

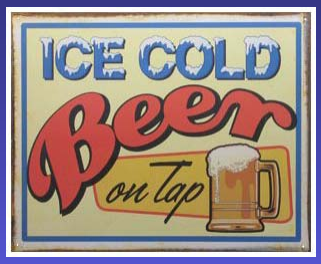
Example: a person owning or having a financial interest in a hotel and restaurant license can own or have an interest in a tavern license or in other hotel and restaurant licenses; but he/she may not own or have an interest in a retail liquor store license.	Mini Bar Permit	Bed & Breakfast Permits	Art Gallery Permit	Manufacturer (Spirits)*	Manufacturer (Wine)*	Manufacturer (Beer)	Limited Winery	Nonresident Manufacturer (Beer)	Importer (Wine & Spirits)	Importer (Beer)	Wholesaler (Beer)	Wholesaler (Wine & Spirits)*	RETAIL	Brew Pub	Retail Liquor Store	Liquor Licensed Drug Store	Beer & Wine	Hotel & Restaurant	Tavern	Club**	Arts	Race Track	Public Transportation-Air	Public Transportation-Surface	Optional Premises License	Retail Gaming Tavern	Vintner's Restaurant
Mini Bar Permit	●																	●									
Bed & Breakfast Permits		●												●			●	●	●		●	●	●	●	●	●	●
Art Gallery Permit			●											●			●	●	●		●	●	●	●	●	●	●
Manufacturer (Spirits)*				●	●	●	●	●	●	●	●	●															
Manufacturer (Wine)*				●	●	●	●	●	●	●	●	●															
Manufacturer (Beer)				●	●	●	●	●	●	●	●	●															
Limited Winery				●	●	●	●	●	●	●	●																
Nonresident Manufacturer (Beer)				●	●	●	●	●	●	●	●	●															
Importer (Wine & Spirits)				●	●	●	●	●	●	●	●																
Importer (Beer)				●	●	●	●	●	●	●	●	●															
Wholesale (Beer)				●	●	●	●	●	●	●	●	●															
Wholesale (Wine & Spirits)*				●	●	●		●		●	●	●															
RETAIL: Brew Pub		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Retail Liquor Store																						●		●			
RETAIL: Liquor Licensed Drug Store																						●		●			
RETAIL: Beer & Wine		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Hotel & Restaurant	●	●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Tavern		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Club**																						●		●			
RETAIL: Arts		●	●											●	●	●	●	●	●	●	●	●	●	●	●	●	●
RETAIL: Race Track		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Public Transportation-Air		●	●											●	●	●	●	●	●	●	●	●	●	●	●	●	●
RETAIL: Public Transportation-Surface		●	●											●	●	●	●	●	●	●		●	●	●	●	●	●
RETAIL: Optional Premises License		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Retail Gaming Tavern		●	●											●				●	●	●		●	●	●	●	●	●
RETAIL: Vintner's Restaurant		●	●											●				●	●	●		●	●	●	●	●	●

* Manufacturers of vinous and spirituous liquor may hold a wholesale license only for products of their own manufacture; pursuant to AG opinion.
** Any Colorado liquor licensee may be an officer or director of entity holding a club license, as long as such person does not individually manage or receive any financial benefit from the club.

NOTE: As used above, beer does not include 3.2% beer.

Source: Sec. 12-47-402, CRS through 12-47-422 CRS

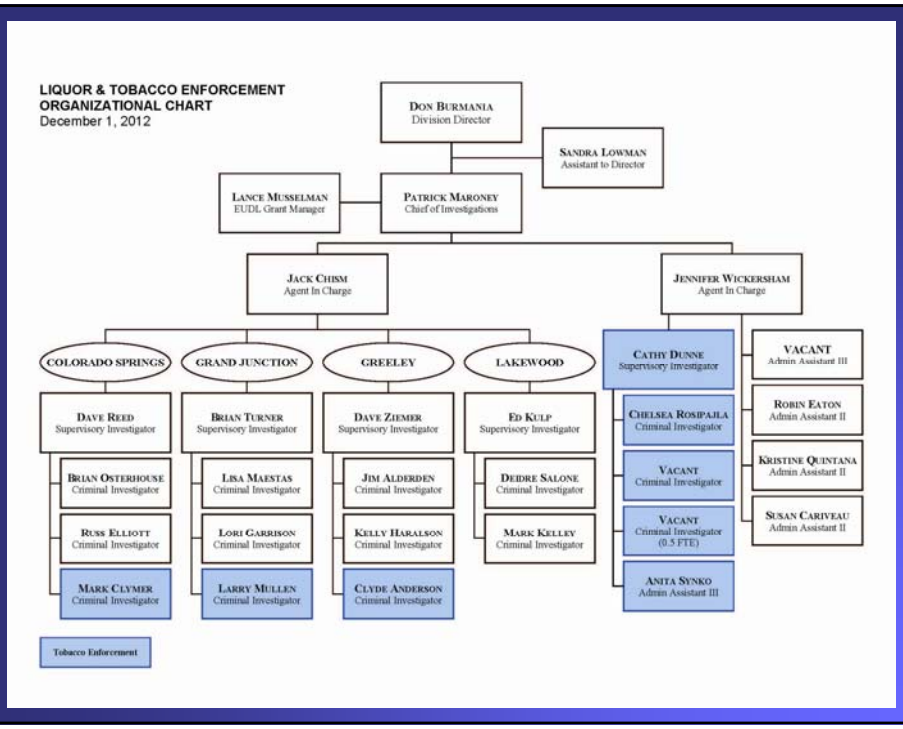
Unfair Trade Practices & Competition



- No sales to retailers “below laid-in cost”
- Restrictions on on-site sales promotions
- Restrictions on retailer entertainment
- Restrictions on samples for retailers
- Consignment sales prohibited
- Limits on lawful product returns
- Free warehousing for retailers prohibited
- Indirect financial assistance through third-party arrangements prohibited
- No credit extended beyond 30 days
- Specific list of “consumer advertising specialties” that can be provided
- Specific list of “point-of-sale advertising” materials that can be provided
- Restrictions on media advertising
- Restrictions on signs and displays that can be provided free of charge

Underage Compliance

- Use of underage operatives
  ~ Between 18-20.5 years of age
  ~ Use own valid vertical ID
- Responsible Vendor Program
  ~ Approved training programs
  ~ Established criteria
  ~ For all selling/serving employees
  ~ At least two hours of instruction time
  ~ Re-certification every three years
- Minor-in-possession operations
  ~ Sporting events
  ~ Entertainment venues

Enforcement Inspections

- Licenses/permits posted
- Minor warning sign posted
- Meals or snacks available
- Cleanliness adequate
- Books and invoices available
- Beer, wine & liquor stock available
- Alcohol purchased from permitted sources
- Compliance with gambling restrictions
- Manager registered with authorities
- Licensee in possession/control of premises
- Trade name properly registered
- Compliance with intoxicated sale restrictions
- Age requirements to sell or serve alcohol beverages
- Acceptable dispensing systems
- Off-premise storage licensed
- Removal of alcohol beverages from premises
- Only permitted items sold
- Permitted sales hours