



COLORADO

Department of Revenue

Enforcement Division - Liquor & Tobacco

Physical Address:
1881 Pierce Street
Lakewood, CO 80214
(303) 205-2300

Mailing Address:
P.O. Box 173350
Denver, CO 80217-3350

BULLETIN 18-10

REFERENCE: Use of Third Party Companies for Invoicing of Liquor-Licensed Drugstores

DATE: October 24, 2018

Colorado Liquor Enforcement Division

In 2016, Senate Bill 16-197 was enacted that put restrictions on liquor-licensed drugstores issued a license on or after January 1, 2017 and their ability to pay for alcohol using an extension of credit. Specifically, section 44-3-202(2)(b)(III), C.R.S. states:

Notwithstanding any provision of this article 3 to the contrary, a liquor-licensed drugstore licensed under section 44-3-410 on or after January 1, 2017, shall not purchase alcohol beverages on credit or accept an offer or extension of credit from a licensee and shall effect payment upon delivery of the alcohol beverages.

In addition, section 44-3-410(2)(b), C.R.S. states:

A person licensed under this section on or after January 1, 2017, shall not purchase malt, vinous, or spirituous liquors from a wholesaler on credit and shall effect payment upon delivery of the alcohol beverages.

In 2016, the Colorado Liquor Enforcement Division (Division) had stakeholder meetings for rule making and modified the regulation on the extension of credit, 47-323(A)(2), 1 C.C.R. 203-2 which states:

“Retailer” means those persons licensed pursuant to sections 44-3-401(1)(h) – (t) and (v) – (w) and 44-4-104(1)(c), C.R.S. to sell alcohol beverages to the end consumer. Except the term “retailer” as used in this regulation shall not include a liquor-licensed drugstore that receives a license after January 1, 2017, which shall not purchase alcohol beverage on credit or accept an offer or extension of credit from a licensee and shall effect payment upon delivery of the alcohol beverage pursuant to section 44-3-410(2)(b), C.R.S.

The Division had several meetings and communications with industry members concerning the implementation of, and compliance with, the law. Most of the confusion during the meetings and communications concerns the use of third-party companies who assist in the invoicing between wholesalers and retailers. The Division has always allowed the use of third-party companies who provide this service. When a retailer is not allowed to purchase on credit (as referred to above), the use of third-party companies is still allowed under the following conditions:

A.

1. The wholesaler sends a payment request through an ordering service offered by the third-party company; or
2. The wholesaler sends a data file with ordering and payment request to the third-party company; or
3. The wholesaler uses any other method of sending an electronic payment request to the third-party company.

B.

1. The payment request in paragraph A must be electronically sent to the third-party company **prior to the end of the delivery**, and
2. Cannot be changed by the wholesaler or retailer once it is sent.

If payment in paragraph A is sent any time after leaving the delivery, the wholesaler and/or retailer could be in violation of sections 44-3-202(2)(b)(III), 44-3-410(2)(b), C.R.S and/or regulation 47-323(A)(2), 1 C.C.R. 203-2.

If you have any questions about this bulletin, please email us at dor_led@state.co.us