



RETAIL ALCOHOL SALES

By Erin Reynolds

This issue brief outlines the licensing requirements involved in the distribution and retail sales of alcohol for off-site consumption. It also provides an overview of which states permit alcohol sales in grocery stores.

Overview of State Liquor Licensing

Colorado regulates alcohol through a three-tier system that divides the production, distribution, and retail sales of alcohol into separate regulatory frameworks. In general, a person or entity having a production or distribution interest may not have a retail interest. Licenses for production and distribution are issued by the state alone, while retail licenses and permits are issued by both state and local licensing authorities.

Distributors

A wholesale licensee is not limited in the amount of alcohol it is permitted to distribute, only to the territory in which it is sold, as contractually agreed upon by the licensee and the manufacturer. In addition, the following license types are permitted to sell alcohol to retailers with the following annual limitations:

- **Brew pub:** May produce up to 1.86 million gallons of beer; may sell 300,000 gallons to retailers.
- **Distillery pub** (new in 2015): May produce up to 45,000 liters of spirituous liquor; may sell 2,700 liters to retailers.

- **Limited winery:** May produce up to 100,000 gallons of wine; not limited on what it may sell to retailers.
- **Vintner's restaurant:** May produce up to 250,000 gallons of wine; may sell 50,000 gallons to retailers.

Distributors (both wholesalers and the other license types outlined above) must follow strict regulations governing the sale and marketing of their product; monitor the quality and safety of their product; and collect, remit, and report state excise tax revenue on a monthly basis. In FY 2014-15, the state collected \$41.8 million in excise tax from alcohol.

Retail Liquor Licenses

The state prohibits the sale of all but 3.2 percent alcohol by volume beer (3.2 beer) in licensed grocery and convenience stores, except that it allows a liquor-licensed drugstore to have a single location where it may sell full-strength beer, wine, and spirits.

Liquor stores and liquor-licensed drugstores are licensed under the Colorado Liquor Code, while grocery and convenience stores are licensed under the Colorado Beer Code. Both codes require applicants to meet certain criteria, pay an annual licensing fee, and to obtain licenses from both the state Department of Revenue and a local licensing authority — usually a municipality, unless the location is on unincorporated county land, in which case the county is the local licensing authority.

Liquor stores and liquor-licensed drugstores. Retail liquor stores and liquor-licensed drugstores are subject to the following state laws:

- alcohol must be purchased from a licensed distributor;
- only one store can be licensed per owner, shareholder, or interested party (no chains);
- on-site consumption is limited to tastings;
- no 3.2 beer may be sold in these stores; and
- only the following food items may be sold: garnishes, liquor-filled candy, and hangover remedies.

Liquor-licensed drugstore licensees must have a licensed pharmacist staffing the pharmacy at least 50 percent of the time during which alcohol is sold. As of September 2015, there were 1,610 licensed liquor stores and 16 liquor-licensed drugstores in the state.

Grocery and convenience stores. Grocery and convenience stores may sell only 3.2 beer, but are not otherwise limited in what they may sell. As of September 2015, Colorado had 1,522 grocery and convenience stores licensed to sell 3.2 beer and for off-premise consumption.

Licensing fees. The annual state licensing fee for liquor stores and liquor-licensed drugstores is \$100, and the local licensing fee is \$150 in a municipality or \$250 in an unincorporated county. For 3.2 beer sales at grocery or convenience stores, the annual state licensing fee is \$75, and the local licensing fee is \$25 in a municipality or \$50 in an unincorporated county. In FY 2014-15, state and local governments collected \$6.9 million in licensing fees.

50-State Overview of Grocery-Sold Liquor

Table 1 provides an overview of the states that allow the sale of beer, wine, and/or liquor in a grocery store.

Table 1. Alcoholic Beverage Types Available at Grocery Stores in the U.S.*

State	Beer	Wine	Liquor
Alabama	•	•	
Alaska			
Arizona	•	•	•
Arkansas	•	•	
California	•	•	•
Colorado	3.2 beer		
Connecticut	•		
Delaware			
D.C.		•	
Florida	•	•	
Georgia	•	•	
Hawaii	•	•	•
Idaho	•	•	
Illinois	•	•	•
Indiana	•	•	•
Iowa	•	•	•
Kansas	3.2 beer		
Kentucky	•		
Louisiana	•	•	•
Maine	•	•	•
Maryland	Local option		
Massachusetts	•	•	•
Michigan	•	•	•
Minnesota	3.2 beer		
Mississippi	•		
Missouri	•	•	•
Montana	•	•	
Nebraska	•	•	•
Nevada	•	•	•
New Hampshire	•	•	
New Jersey	Two-license limit; sold in adjacent location		
New Mexico	•	•	•
New York	•		
North Carolina	•	•	
North Dakota			
Ohio	•	•	•
Oklahoma	3.2 beer		
Oregon	•	•	
Pennsylvania			
Rhode Island			
South Carolina	•	•	
South Dakota	•	•	•
Tennessee	•		
Texas	•	•	
Utah	3.2 beer		
Vermont	•	•	
Virginia	•	•	
Washington	•	•	•
West Virginia	•	•	•
Wisconsin	•	•	•
Wyoming			

*Fields left blank indicate no authorization to sell the referenced type of alcohol in grocery stores in that state.
Source: Legislative Council Staff