



SENATE BILL 16-197: CHANGES TO RETAIL LIQUOR SALES

By Anna Gerstle

Senate Bill 16-197, signed into law on June 10, 2016, makes significant changes to laws regulating the retail sale of fermented malt beverages (3.2 percent alcohol by weight beer, commonly known as 3.2 beer), full-strength beer, wine, and spirits for off-premises consumption. This *issue brief* outlines the changes made by the bill.

Background

SB 16-197 impacts 3.2 beer licensees, liquor-licensed drugstores, and licensed retail liquor stores. As of August 2016, Colorado had 1,458 licensed 3.2 beer retailers, 14 liquor licensed drugstores, and 1,641 retail liquor stores. Prior to the passage of SB 16-197, liquor-licensed drugstores and retail liquor stores were allowed a single licensed location, and 3.2 beer licensees were allowed unlimited licensed locations.

Radius Requirement

As of July 1, 2016, no new retail liquor licenses may be issued for a location within 1,500 feet of another retail liquor licensee in cities with a population over 10,000, or 3,000 feet for cities with populations under 10,000. This applies to liquor-licensed drugstores, retail liquor stores, or any future types of retail licenses, but not to 3.2 beer licenses. As a result, a new retail liquor license applicant is required to obtain ownership of all

licenses within, or locate outside of, the applicable radius.

3.2 Beer Licenses

Grocery and convenience stores may obtain an unlimited number of 3.2 beer licenses, which allow 3.2 beer to be sold at each licensed location.

Licensing changes. As of January 1, 2019, SB 16-197 removes the distinction between 3.2 and full-strength beer, thus allowing 3.2 beer licensees to sell full-strength beer. As of July 1, 2016, the hours in which 3.2 beer may be sold are changed from 5 a.m. to midnight to 8 a.m. to midnight, consistent with other retail liquor licenses.

Working group. SB 16-197 also establishes a liquor industry working group to examine the impact of and recommend an implementation process for removing the 3.2 beer distinction, as well as to examine laws concerning tastings on retail premises and the ability of retail liquor stores to sell growlers (refillable containers that are filled and sealed on-premises for consumption off-premises). The working group must start work by August 1, 2016, and report findings to the General Assembly by January 1, 2018.

Liquor-Licensed Drugstore Licenses

A drugstore or grocery store with a pharmacy may obtain a liquor-licensed drugstore license in order to sell full-strength beer, wine, and spirits in a store. No 3.2 beer may be sold at these stores, and a licensed pharmacist must staff the store's pharmacy at least 50 percent of the time during which alcohol is sold.

Additional licenses. Beginning January 1, 2017, a liquor-licensed drugstore may obtain additional licenses in phases and with certain conditions, as shown in Table 1. In order to obtain an additional liquor-licensed drugstore license, a licensee must purchase at least two retail liquor licenses, including all licenses within the applicable radius requirement, and apply to the local licensing authority to convert the retail liquor store licenses into a liquor-licensed drugstore license.

Licensing changes. As of July 1, 2016, liquor-licensed drugstores may not:

- sell alcohol beverages below cost;
- allow self-checkout for alcohol beverage sales;
- sell clothing or accessories with messages related to alcohol; or
- store alcohol beverages off licensed premises.

In addition, liquor-licensed drugstores licensed on or after January 1, 2017, must have a single permitted manager at each licensed location handling all liquor purchases. These new liquor-licensed drugstores also must:

- be open to the public;
- receive at least 20 percent of gross revenue resulting from food sales;
- not purchase alcohol from a licensed wholesaler on credit; and
- only allow employees 21 years of age or older to handle or sell alcohol.

Table 1. Maximum Liquor Licenses Available to a Single Owner Under SB 16-197

Dates	Maximum Liquor-Licensed Drugstore Licenses	Maximum Retail Liquor Store Licenses
Jan. 1, 2017 – Dec. 31, 2021	5	2
Jan. 1, 2022 – Dec. 31, 2026	8	3
Jan. 1, 2027 – Dec. 31, 2031	13	4
Jan. 1, 2032 – Dec. 31, 2036	20	
Beginning Jan. 1, 2037	unlimited	

Retail Liquor Store Licenses

A retail liquor store may sell full-strength beer, wine, and spirits. A grocery store chain may obtain a retail liquor store license or host a third-party retail liquor store licensee, as long as it sells full-strength beer, wine, and spirits using a separate entrance and checkout.

Additional licenses. Beginning January 1, 2017, a retail liquor store may obtain additional licenses in phases and with certain conditions, as shown in Table 1. Retail liquor stores licensed on or before January 1, 2016, and whose license holder is a Colorado resident may obtain additional retail liquor store licenses as long as the applicable radius requirement is met.

Licensing Changes. As of July 1, 2016, retail liquor stores may sell food and non-alcohol items, as long as gross revenues from these items do not exceed 20 percent of the store's total revenue. In addition, retail liquor store licenses issued prior to January 1, 2016, may apply to move the store anywhere in the state within three years.