



COLORADO
Department of Revenue

Enforcement Division - Liquor & Tobacco

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BULLETIN 16-06

REFERENCE: Enforcement of SB16-197 – July 1, 2016 Involving Retail Liquor Stores and Tavern Licenses

July 7, 2016

Colorado Liquor Enforcement Division

Senate Bill 16-197 was a comprehensive bill that changed the landscape of the liquor industry in many ways. It incorporated a great deal of stakeholder input and ultimately the bill included many different viewpoints. This bill was challenging and complex so there have been a few components to the bill that have recently raised some concerns with stakeholders.

Various components of the bill have different effective dates, the first being July 1, 2016. Included in those components effective July 1, 2016 are two areas where the Liquor Enforcement Division (LED) has received concerns from several stakeholder groups.

Retail Liquor Stores

The first area centers on limitations directed at Retail Liquor Stores (RLS) restricting them to no more than 20% of their annual gross sales coming from nonalcohol products. The specific language is provided in the paragraph below. Starting July 1, 2016:

Section 12-47-103 (31) C.R.S., states:

“Retail liquor store” means an establishment engaged only in the sale of malt, vinous and spirituous liquors and NONALCOHOL PRODUCTS, but only if the annual gross revenues from the sale of nonalcohol products does not exceed twenty percent of the retail liquor store’s total annual gross revenues.

The newly raised concern suggests that the 20% of gross revenues is not sufficient and may cause a hardship for RLS licensees. For example, tobacco and lottery sales in some stores could already equate to 20% or more of gross sales. In order to address this concern, the LED will monitor RLS licenses over a 12 month period prior to initiating any administrative action unless extenuating circumstances warrant a different approach. We will have some flexibility in enforcing this piece of the legislation as it took effect July 1, 2016. Since the new law is based upon annual gross revenues, we will be unable to

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determine the 12 months annual gross sales until July 1, 2017, which gives us the ability to temper our enforcement. Taking this approach will allow legislative grace to determine whether or not the 20% limitation warrants a change at the 2017 General Assembly.

Tavern Licenses

The second component to the bill that LED has received concerns relates to tavern licenses. Prior to SB 16-197, employees of tavern licensees who served meals could be between the ages of 18-21 and sell alcohol beverages as long as they were supervised by someone over 21 years of age. Under SB16-197, Tavern licensees are only allowed to employ individuals over the age of 21 to sell malt, vinous or spirituous liquors. The specific language is provided in the paragraph below. Starting July 1, 2016:

Section 12-47-901(5)(p)(II) C.R.S., states:

It is unlawful for any person licensed to sell at retail pursuant to this article if licensed as a tavern under section 12-47-412, a retail liquor store under section 12-47-407, or a liquor-licensed drugstore under section 12-47-408, to permit an employee who is under twenty-one years of age to sell malt, vinous, or spirituous liquors.

Based on feedback received from stakeholders, this could have a material impact on Tavern licensed establishments who currently have employees under 21 but over 18. There are approximately 1452 Tavern licenses in Colorado.

The language in SB16-197 limits the LED's discretion regarding enforcement of the new statute. In order to address these concerns and any other enforcement concerns stemming from SB16-197, the LED is taking an educational approach for the enforcement of the new legislation with the end goal of industry compliance and accountability. If warranted, LED may have to take administrative action against licensees involving these violations.

The LED provided a number of training documents on the new legislation to include LED Bulletin 16-05, which explains the components of SB16-197 legislation that took effect July 1, 2016. The bulletin was sent to industry members and local liquor licensing clerks on June 17, 2016.

In order to communicate with stakeholders, the LED created a link on our website that will contain information related to SB16-197. The link can be found on the LED's website or www.Colorado.gov/enforcement/liquor under helpful links.

Questions concerning this bulletin can be sent to dor_led@state.co.us or contact us at 303-205-2306.