CHAPTER 194

PROFESSIONS AND OCCUPATIONS

HOUSE BILL 15-1217

BY REPRESENTATIVE(S) Singer, Becker K., Conti, Fields, Foote, Ginal, Kagan, Lebsock, Mitsch Bush, Pettersen, Rosenthal, Roupe, Ryden, Williams, Winter, Hullinghorst;

also SENATOR(S) Holbert, Baumgardner, Cooke, Grantham, Guzman, Heath, Hill, Jahn, Jones, Kefalas, Kerr, Martinez Humenik, Merrifield, Neville T., Scott, Todd, Woods, Cadman.

AN ACT

CONCERNING THE ABILITY OF A LOCAL LICENSING AUTHORITY TO PROVIDE INPUT TO THE STATE LICENSING AUTHORITY ON APPLICATIONS FOR APPROVAL TO OPERATE A SALES ROOM SUBMITTED BY CERTAIN PERSONS LICENSED UNDER THE "COLORADO LIQUOR CODE", AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 12-47-103, add (31.5) as follows:

- **12-47-103. Definitions.** As used in this article and article 46 of this title, unless the context otherwise requires:
- (31.5) "Sales room" means an area in which a licensed winery, pursuant to section 12-47-402 (2), limited winery, pursuant to section 12-47-403 (2) (e), distillery, pursuant to section 12-47-402 (6), or been wholesaler, pursuant to section 12-47-406 (1) (b), sells and serves alcohol beverages for consumption on the licensed premises, sells alcohol beverages in sealed containers for consumption off the licensed premises, or both.
- **SECTION 2.** In Colorado Revised Statutes, 12-47-202, **amend** (2) (a) (I) introductory portion; and **add** (2) (a) (I) (T) as follows:
- **12-47-202. Duties of state licensing authority.** (2) (a) (I) Rules and regulations made pursuant to paragraph (b) of subsection (1) of this section may cover, but shall not be limited to, the following subjects:
 - (T) SALES ROOMS OPERATED BY LICENSED WINERIES, DISTILLERIES, LIMITED

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

WINERIES, OR BEER WHOLESALERS, INCLUDING THE MANNER BY WHICH A LICENSEE OPERATING A SALES ROOM NOTIFIES THE STATE LICENSING AUTHORITY OF ITS SALES ROOMS, THE CONTENT OF THE NOTICE, AND ANY OTHER NECESSARY PROVISIONS RELATED TO THE NOTICE REQUIREMENT.

SECTION 3. In Colorado Revised Statutes, 12-47-402, **amend** (2) and (6); and **repeal** (3) as follows:

- **12-47-402. Manufacturer's license.** (2) (a) Any A winery that has received a license LICENSED pursuant to this section is authorized to MAY conduct tasting TASTINGS and sell vinous liquors of its own manufacture, as well as other vinous liquors manufactured by other Colorado wineries licensed pursuant to this section or section 12-47-403, on the licensed premises of the winery and at one other licensed APPROVED sales room location at no additional cost, whether included in the license at the time of the original license issuance or by supplemental application.
- (b) A WINERY LICENSED PURSUANT TO THIS SECTION MAY SERVE AND SELL FOOD, GENERAL MERCHANDISE, AND NONALCOHOL BEVERAGES FOR CONSUMER CONSUMPTION ON OR OFF THE LICENSED PREMISES.
- (c) (I) (A) Prior to operating a sales room location, a winery licensed pursuant to this section shall, at the time of application to the state licensing authority, send a copy of the application or supplemental application for a sales room to the local licensing authority in the jurisdiction in which the sales room is proposed. The local licensing authority may submit a response to the application, including its determination specified in subparagraph (II) of this paragraph (c), to the state licensing authority but must submit its response within forty-five days after the licensed winery submits its sales room application to the state licensing authority, or, for purposes of an application to operate a temporary sales room for not more than three consecutive days, within the time specified by the state licensing authority by rule.
- (B) If the local licensing authority does not submit a response to the state licensing authority within the time specified in sub-subparagraph (A) of this subparagraph (I), the state licensing authority shall deem that the local licensing authority has determined that the proposed sales room will not impact traffic, noise, or other neighborhood concerns in a manner that is inconsistent with local regulations or ordinances or that the applicant will sufficiently mitigate any impacts identified by the local licensing authority.
- (II) The state licensing authority must consider the response from the local licensing authority, if any, and may deny the proposed sales room application if the local licensing authority determines that approval of the proposed sales room will impact traffic, noise, or other neighborhood concerns in a manner that is inconsistent with local regulations or ordinances, which may be determined by the local licensing authority without requiring a public hearing, or that the applicant cannot sufficiently mitigate any potential impacts identified by the local

LICENSING AUTHORITY.

- (III) THE STATE LICENSING AUTHORITY SHALL NOT GRANT APPROVAL OF AN ADDITIONAL SALES ROOM UNLESS THE APPLICANT AFFIRMS TO THE STATE LICENSING AUTHORITY THAT THE APPLICANT HAS COMPLIED WITH LOCAL ZONING RESTRICTIONS.
- (IV) A LICENSED WINERY THAT IS OPERATING A SALES ROOM AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (c), OR THAT IS GRANTED APPROVAL PURSUANT TO THIS PARAGRAPH (c) TO OPERATE A SALES ROOM ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH (c), SHALL NOTIFY THE STATE LICENSING AUTHORITY OF ALL SALES ROOMS IT OPERATES. THE STATE LICENSING AUTHORITY SHALL MAINTAIN A LIST OF ALL LICENSED WINERY SALES ROOMS IN THE STATE AND MAKE THE LIST AVAILABLE ON ITS WEB SITE.
- (V) The local licensing authority may request that the state licensing authority take action in accordance with section 12-47-601 against a licensed winery approved to operate a sales room if the local licensing authority:
- (A) DEMONSTRATES TO THE STATE LICENSING AUTHORITY THAT THE LICENSEE HAS ENGAGED IN AN UNLAWFUL ACT AS SET FORTH IN PART 9 OF THIS ARTICLE; OR
- (B) Shows good cause as specified in Section 12-47-103 (9) (a), (9) (b), or (9) (d).
- (VI) THIS PARAGRAPH (c) DOES NOT APPLY IF THE LICENSED WINERY DOES NOT SELL AND SERVE VINOUS LIQUORS FOR CONSUMPTION ON THE LICENSED PREMISES OR IN AN APPROVED SALES ROOM.
- (3) Any winery that has received a license pursuant to this section is authorized to serve and sell food, general merchandise, and nonalcohol beverages for consumption on the premises of any licensed premises or to be taken by the consumer.
- (6) (a) Any A manufacturer of spirituous liquors that has received a license LICENSED pursuant to this section is authorized to MAY conduct tastings and sell to customers spirituous liquors of its own manufacture on its licensed premises and at one other licensed APPROVED sales room location at no additional cost. Such additional A sales room location may be included in the license at the time of the original license issuance or by supplemental application.
- (b) Any A manufacturer of spirituous liquors that has received a license LICENSED pursuant to this section is authorized to MAY serve and sell food, general merchandise, and nonalcohol beverages for CONSUMER consumption on OR OFF the LICENSED premises. or to be taken off the premises by the consumer.
- (c) (I) (A) Prior to operating an additional A sales room location, a manufacturer of spirituous liquors that has received a license LICENSED pursuant to this section shall, AT THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, send a copy of the application or supplemental application for an additional A sales room to the local licensing authority in the jurisdiction in which such THE sales room is

proposed. The local licensing authority may request that the proposed sales room location license be denied by MAY SUBMIT A RESPONSE TO THE APPLICATION, INCLUDING ITS DETERMINATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (C), TO THE STATE LICENSING AUTHORITY BUT MUST SUBMIT ITS RESPONSE WITHIN FORTY-FIVE DAYS AFTER THE LICENSEE SUBMITS ITS SALES ROOM APPLICATION TO THE STATE LICENSING AUTHORITY, OR, FOR PURPOSES OF AN APPLICATION TO OPERATE A TEMPORARY SALES ROOM FOR NOT MORE THAN THREE CONSECUTIVE DAYS, WITHIN THE TIME SPECIFIED BY THE STATE LICENSING AUTHORITY BY RULE.

- (B) If the local licensing authority does not submit a response to the state licensing authority within the time specified in sub-subparagraph (A) of this subparagraph (I), the state licensing authority shall deem that the local licensing authority has determined that the proposed sales room will not impact traffic, noise, or other neighborhood concerns in a manner that is inconsistent with local regulations or ordinances or that the applicant will sufficiently mitigate any impacts identified by the local licensing authority.
- (II) The state licensing authority must consider the response from the local licensing authority, if any, and may deny the proposed sales room application if the local licensing authority determines that issuance approval of the proposed sales room license would be in conflict with the reasonable requirements of the neighborhood and the desires of the adult inhabitants as evidenced by petitions, remonstrances, or otherwise will impact traffic, noise, or other neighborhood concerns in a manner that is inconsistent with local regulations or ordinances, which may be determined by the local licensing authority without requiring a public hearing, or that the applicant cannot sufficiently mitigate any potential impacts identified by the local licensing authority.
- (d) (III) The state licensing agency AUTHORITY shall not grant a license for APPROVAL OF an additional sales room unless THE APPLICANT AFFIRMS TO THE STATE LICENSING AUTHORITY THAT the applicant has complied with local zoning restrictions. and the provisions of section 12-47-301 (2) (a).
- (IV) A LICENSED SPIRITUOUS LIQUORS MANUFACTURER THAT IS OPERATING A SALES ROOM AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (c), AS AMENDED, OR THAT IS GRANTED APPROVAL PURSUANT TO THIS PARAGRAPH (c) TO OPERATE A SALES ROOM ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH (c), AS AMENDED, SHALL NOTIFY THE STATE LICENSING AUTHORITY OF ALL SALES ROOMS IT OPERATES. THE STATE LICENSING AUTHORITY SHALL MAINTAIN A LIST OF ALL LICENSED SPIRITUOUS LIQUOR MANUFACTURER SALES ROOMS IN THE STATE AND MAKE THE LIST AVAILABLE ON ITS WEB SITE.
- (V) The local licensing authority may request that the state licensing authority take action in accordance with section 12-47-601 against a licensed spirituous liquors manufacturer approved to operate a sales room if the local licensing authority:
 - (A) Demonstrates to the state licensing authority that the licensee

HAS ENGAGED IN AN UNLAWFUL ACT AS SET FORTH IN PART 9 OF THIS ARTICLE; OR

- (B) Shows good cause as specified in Section 12-47-103 (9) (a), (9) (b), or (9) (d).
- (VI) THIS PARAGRAPH (c) DOES NOT APPLY IF THE LICENSED SPIRITUOUS LIQUORS MANUFACTURER DOES NOT SELL AND SERVE ITS SPIRITUOUS LIQUORS FOR CONSUMPTION ON THE LICENSED PREMISES OR IN AN APPROVED SALES ROOM.

SECTION 4. In Colorado Revised Statutes, 12-47-403, **amend** (2) (e) as follows:

12-47-403. Limited winery license. (2) A limited winery licensee is authorized:

- (e) (I) (A) EXCEPT AS PROVIDED IN SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH (I) AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH (e), to conduct tastings and sell vinous liquors of its own manufacture, as well as vinous liquors manufactured by other Colorado wineries, on the licensed premises of the limited winery and up to five other licensed premises APPROVED SALES ROOM LOCATIONS, whether included in the license at the time of the original license or by supplemental application. except that no
- (B) A LIMITED WINERY LICENSEE SHALL NOT CONDUCT retail sales shall be conducted from an area licensed or defined as an alternating proprietor licensed premises.
- (II) (A) PRIOR TO OPERATING A SALES ROOM LOCATION, A LIMITED WINERY LICENSED PURSUANT TO THIS SECTION SHALL, AT THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, SEND A COPY OF THE APPLICATION OR SUPPLEMENTAL APPLICATION FOR A SALES ROOM TO THE LOCAL LICENSING AUTHORITY IN THE JURISDICTION IN WHICH THE SALES ROOM IS PROPOSED. THE LOCAL LICENSING AUTHORITY MAY SUBMIT A RESPONSE TO THE APPLICATION, INCLUDING ITS DETERMINATION SPECIFIED IN SUB-SUBPARAGRAPH (II), TO THE STATE LICENSING AUTHORITY BUT MUST SUBMIT ITS RESPONSE WITHIN FORTY-FIVE DAYS AFTER THE LICENSED LIMITED WINERY SUBMITS ITS SALES ROOM APPLICATION TO THE STATE LICENSING AUTHORITY, OR, FOR PURPOSES OF AN APPLICATION TO OPERATE A TEMPORARY SALES ROOM FOR NOT MORE THAN THREE CONSECUTIVE DAYS, WITHIN THE TIME SPECIFIED BY THE STATE LICENSING AUTHORITY BY RULE. IF THE LOCAL LICENSING AUTHORITY DOES NOT SUBMIT A RESPONSE TO THE STATE LICENSING AUTHORITY WITHIN THE TIME SPECIFIED IN THIS SUB-SUBPARAGRAPH (A), THE STATE LICENSING AUTHORITY SHALL DEEM THAT THE LOCAL LICENSING AUTHORITY HAS DETERMINED THAT THE PROPOSED SALES ROOM WILL NOT IMPACT TRAFFIC, NOISE, OR OTHER NEIGHBORHOOD CONCERNS IN A MANNER THAT IS INCONSISTENT WITH LOCAL REGULATIONS OR ORDINANCES OR THAT THE APPLICANT WILL SUFFICIENTLY MITIGATE ANY IMPACTS IDENTIFIED BY THE LOCAL LICENSING AUTHORITY.
- (B) The state licensing authority must consider the response from the local licensing authority, if any, and may deny the proposed sales room application if the local licensing authority determines that approval of the proposed sales room will impact traffic, noise, or other neighborhood

CONCERNS IN A MANNER THAT IS INCONSISTENT WITH LOCAL REGULATIONS OR ORDINANCES, WHICH MAY BE DETERMINED BY THE LOCAL LICENSING AUTHORITY WITHOUT REQUIRING A PUBLIC HEARING, OR THAT THE APPLICANT CANNOT SUFFICIENTLY MITIGATE ANY POTENTIAL IMPACTS IDENTIFIED BY THE LOCAL LICENSING AUTHORITY.

- (C) THE STATE LICENSING AUTHORITY SHALL NOT GRANT APPROVAL OF AN ADDITIONAL SALES ROOM UNLESS THE APPLICANT AFFIRMS TO THE STATE LICENSING AUTHORITY THAT THE LIMITED WINERY APPLICANT HAS COMPLIED WITH LOCAL ZONING RESTRICTIONS.
- (D) A Licensed limited winery that is operating a sales room as of the effective date of this subparagraph (II), or that is granted approval pursuant to this subparagraph (II) to operate a sales room on or after the effective date of this subparagraph (II), shall notify the state licensing authority of all sales rooms it operates. The state licensing authority shall maintain a list of all limited winery licensee sales rooms in the state and make the list available on its web site.
- (E) The local licensing authority may request that the state licensing authority take action in accordance with section 12-47-601 against a licensed limited winery approved to operate a sales room if the local licensing authority demonstrates to the state licensing authority that the licensee has engaged in an unlawful act as set forth in part 9 of this article or shows good cause as specified in section 12-47-103 (9) (a), (9) (b), or (9) (d).
- (F) This subparagraph (II) does not apply if the licensed limited winery does not sell and serve vinous liquors for consumption on the licensed premises or in an approved sales room.
- **SECTION 5.** In Colorado Revised Statutes, 12-47-406, **amend** (1) (b) as follows:
- **12-47-406.** Wholesaler's license. (1) (b) (I) A wholesaler's beer license shall be issued to persons selling malt liquors at wholesale who designate to the state licensing authority on their application the territory within which the licensee may sell the designated products of any brewer as agreed upon by the licensee and the brewer of such products for the following purposes only:
- (I) (A) To maintain and operate warehouses and one salesroom SALES ROOM in this state to handle malt liquors to be denominated a wholesale beer store;
- (II) (B) To take orders for malt liquors at any place within the territory designated on the license application and deliver malt liquors on orders previously taken to any place within the designated geographical territory, if the licensee has procured a wholesaler's beer license and the place where orders are taken and delivered is a place regularly licensed pursuant to the provisions of this article.
- (II) (A) PRIOR TO OPERATING A SALES ROOM AS AUTHORIZED BY THIS PARAGRAPH (b), A WHOLESALER'S BEER LICENSEE THAT IS LICENSED PURSUANT TO THIS SECTION

SHALL, AT THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, SEND A COPY OF THE APPLICATION OR SUPPLEMENTAL APPLICATION FOR A SALES ROOM TO THE LOCAL LICENSING AUTHORITY IN THE JURISDICTION IN WHICH THE SALES ROOM IS PROPOSED. THE LOCAL LICENSING AUTHORITY MAY SUBMIT A RESPONSE TO THE APPLICATION, INCLUDING ITS DETERMINATION SPECIFIED IN SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH (II), TO THE STATE LICENSING AUTHORITY BUT MUST SUBMIT ITS RESPONSE WITHIN FORTY-FIVE DAYS AFTER THE WHOLESALER'S BEER LICENSEE SUBMITS ITS SALES ROOM APPLICATION TO THE STATE LICENSING AUTHORITY. IF THE LOCAL LICENSING AUTHORITY DOES NOT SUBMIT A RESPONSE TO THE STATE LICENSING AUTHORITY WITHIN FORTY-FIVE DAYS AFTER SUBMISSION OF THE SALES ROOM APPLICATION, THE STATE LICENSING AUTHORITY SHALL DEEM THAT THE LOCAL LICENSING AUTHORITY HAS DETERMINED THAT THE PROPOSED SALES ROOM WILL NOT IMPACT TRAFFIC, NOISE, OR OTHER NEIGHBORHOOD CONCERNS IN A MANNER THAT IS INCONSISTENT WITH LOCAL REGULATIONS OR ORDINANCES OR THAT THE APPLICANT WILL SUFFICIENTLY MITIGATE ANY IMPACTS IDENTIFIED BY THE LOCAL LICENSING AUTHORITY.

- (B) The state licensing authority must consider the response from the Local Licensing authority, if any, and may deny the proposed sales room application if the Local Licensing authority determines that approval of the proposed sales room will impact traffic, noise, or other neighborhood concerns in a manner that is inconsistent with local regulations or ordinances, which may be determined by the local Licensing authority without requiring a public hearing, or that the applicant cannot sufficiently mitigate any potential impacts identified by the local Licensing authority.
- (C) A wholesaler's beer licensee that is operating a sales room as of the effective date of this subparagraph (II), or that is granted approval pursuant to this subparagraph (II) to operate a sales room on or after the effective date of this subparagraph (II), shall notify the state licensing authority of its sales room. The state licensing authority shall maintain a list of all wholesaler's beer licensee sales rooms in the state and make the list available on its web site.
- (D) The local licensing authority may request that the state licensing authority take action in accordance with section 12-47-601 against a wholesaler's beer licensee approved to operate a sales room if the local licensing authority demonstrates to the state licensing authority that the licensee has engaged in an unlawful act as set forth in part 9 of this article or shows good cause as specified in section 12-47-103 (9) (a), (9) (b), or (9) (d).
- (E) This subparagraph (II) does not apply if the wholesaler's beer licensee does not sell and serve malt liquors for consumption on the licensed premises.
- **SECTION 6. Appropriation.** For the 2015-16 state fiscal year, \$3,060 is appropriated to the department of revenue for use by the liquor and tobacco enforcement division. This appropriation is from the liquor enforcement division and state licensing authority cash fund created in section 24-35-401, C.R.S. To

implement this act, the division may use this appropriation for personal services.

SECTION 7. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to applications for sales rooms submitted on or after the applicable effective date of this act.

Approved: May 14, 2015