NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

HOUSE BILL 15-1204


CONCERNING THE CREATION OF A DISTILLERY PUB LICENSE.

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

SECTION 1. In Colorado Revised Statutes, add 12-47-424 as follows:

12-47-424. Distillery pub license - legislative declaration - definition. (1) THE GENERAL ASSEMBLY FINDS AND DETERMINES THAT:

(a) COLORADO IS A STATE THAT WELCOMES AND ENCOURAGES ENTREPRENEURS AND NEW BUSINESS OPPORTUNITIES;

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.
(b) CURRENTLY, MANUFACTURING OF SPIRITUOUS LIQUORS BY PERSONS LICENSED AS MANUFACTURERS PURSUANT TO SECTION 12-47-402 IS A THRIVING INDUSTRY, WITH NEW DISTILLERIES OPENING THROUGHOUT THE STATE AND INCREASING THE AVAILABILITY OF COLORADO-PRODUCED CRAFT SPIRITS BOTH WITHIN AND OUTSIDE THE STATE;

(c) THE SPIRITUOUS LIQUORS MANUFACTURING BUSINESS FOCUSES PRIMARILY ON PRODUCING A SPIRITUOUS LIQUOR PRODUCT THAT THE LICENSED SPIRITS MANUFACTURER CAN THEN SELL AND DISTRIBUTE, THROUGH A WHOLESALER, THROUGHOUT THE STATE AND IN OTHER STATES TO RETAIL OUTLETS;

(d) WHILE LICENSED SPIRITS MANUFACTURERS ARE PERMITTED TO SELL THEIR PRODUCTS DIRECTLY TO CONSUMERS, THE MAJORITY OF THE MANUFACTURING BUSINESS IS SELLING THE BULK OF A MANUFACTURER’S PRODUCT TO RETAIL OUTLETS THAT THEN SELL THE PRODUCT TO CONSUMERS;

(e) ON THE OTHER HAND, THE MAIN FOCUS OF A DISTILLERY PUB BUSINESS AUTHORIZED BY THIS SECTION IS TO OPERATE A LOCAL PUB IN WHICH FOOD AND ALCOHOL BEVERAGES, INCLUDING A SMALL QUANTITY OF SPIRITUOUS LIQUORS FERMENTED AND DISTILLED ON SITE, ARE SOLD AND SERVED FOR ON-PREMISES CONSUMPTION;

(f) WHILE A DISTILLERY PUB IS ALLOWED TO PRODUCE, SERVE, AND DISTRIBUTE ITS OWN SPIRITUOUS LIQUORS, UNLIKE A LICENSED SPIRITS MANUFACTURER, THE PRODUCTION LEVEL FOR A DISTILLERY PUB IS CAPPED, AND THE ABILITY TO DISTRIBUTE TO RETAIL OUTLETS IS GREATLY RESTRICTED, THEREBY ESTABLISHING A NEW BUSINESS MODEL THAT IS DISTINCT FROM, AND SERVES A DIFFERENT CLIENTELE THAN, A LICENSED SPIRITS MANUFACTURER;

(g) ADDITIONALLY, UNLIKE A LICENSED SPIRITS MANUFACTURER, WHICH IS ONLY REQUIRED TO OBTAIN A LICENSE FROM THE STATE LICENSING AUTHORITY, A DISTILLERY PUB MUST OBTAIN BOTH A STATE AND LOCAL LICENSE AFTER DEMONSTRATING THAT THE DISTILLERY PUB MEETS THE REASONABLE REQUIREMENTS AND THE DESIRES OF THE ADULT INHABITANTS OF THE NEIGHBORHOOD IN WHICH IT WILL BE SITUATED; AND

(h) IT IS IMPORTANT TO ENCOURAGE THE NEW DISTILLERY PUB
BUSINESS MODEL, WHICH WILL ADD TO THE THRIVING CRAFT SPIRITS INDUSTRY IN THIS STATE WITHOUT DISRUPTING THE EVER-GROWING SPIRITUOUS LIQUORS MANUFACTURING INDUSTRY.

(2) A DISTILLERY PUB LICENSE MAY BE ISSUED TO ANY PERSON OPERATING A DISTILLERY PUB AND ALSO SELLING FOOD AND ALCOHOL BEVERAGES FOR CONSUMPTION ON THE PREMISES. AT LEAST FIFTEEN PERCENT OF THE GROSS ON-PREMISES FOOD AND ALCOHOL BEVERAGE INCOME OF THE LICENSED DISTILLERY PUB MUST BE FROM THE SALE OF FOOD. FOR PURPOSES OF THIS SUBSECTION (2), "FOOD" MEANS A QUANTITY OF FOODSTUFFS OF A NATURE THAT IS ORDINARILY CONSUMED BY AN INDIVIDUAL AT REGULAR INTERVALS FOR THE PURPOSE OF SUSTENANCE.

(3) DURING THE HOURS ESTABLISHED IN SECTION 12-47-901 (5) (b), A LICENSED DISTILLERY PUB MAY, WITH REGARD TO SPIRITUOUS LIQUORS FERMENTED AND DISTILLED BY THE DISTILLERY PUB LICENSEE ON THE LICENSED PREMISES:

(a) Furnish its spirituous liquors for consumption on the premises;

(b) Sell its spirituous liquors to independent wholesalers for distribution to licensed retailers;

(c) Sell its spirituous liquors to the public in sealed containers for off-premises consumption, as long as the spirituous liquors are fermented, distilled, and packaged on the licensed premises by the licensee; or

(d) Sell its spirituous liquors at wholesale to licensed retailers in an amount up to two thousand seven hundred liters per spirituous liquor product per calendar year.

(4) (a) Except as provided in paragraph (b) of this subsection (4), every person selling alcohol beverages pursuant to this section must purchase alcohol beverages, other than those that are fermented and distilled at the licensed distillery pub, from a wholesaler licensed pursuant to this article or article 46 of this title.
(b) (I) During a calendar year, a person selling alcohol beverages as provided in this section may purchase not more than two thousand dollars' worth of:

(A) Malt, vinous, and spirituous liquors from a retailer licensed pursuant to section 12-47-407 or 12-47-408; and

(B) fermented malt beverages from a retailer licensed pursuant to section 12-46-104 (1) (c).

(II) The distillery pub licensee shall retain evidence of each purchase of malt, vinous, and spirituous liquors from a retailer licensed pursuant to section 12-47-407 or 12-47-408 and each purchase of fermented malt beverages from a retailer licensed pursuant to section 12-46-104 (1) (c), in the form of a purchase receipt showing the name of the licensed retailer, the date of purchase, a description of the alcohol beverages purchased, and the price paid for the alcohol beverages. The licensee shall retain the receipt and make it available to state and local licensing authorities at all times during business hours.

(5) (a) Except as provided in paragraph (b) of this subsection (5), it is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a distillery pub license to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title.

(b) A person interested directly or indirectly in a distillery pub license may conduct, own either in whole or in part, or be directly or indirectly interested in:

(I) Other distillery pub licenses;

(II) a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-410 (1); or

(III) a financial institution referred to in section 12-47-308 (4).
SECTION 2. In Colorado Revised Statutes, 12-47-103, amend (7.5) (c); and add (6.9), (7.3), and (7.7) as follows:

**12-47-103. Definitions.** As used in this article and article 46 of this title, unless the context otherwise requires:

(6.9) "DISTILL" OR "DISTILLATION" MEANS THE PROCESS BY WHICH ALCOHOL THAT IS CREATED BY FERMENTATION IS SEPARATED FROM THE PORTION OF THE LIQUID THAT HAS NO ALCOHOL CONTENT.

(7.3) "DISTILLERY PUB" MEANS A RETAIL ESTABLISHMENT:

(a) WHOSE PRIMARY PURPOSE IS SELLING AND SERVING FOOD AND ALCOHOL BEVERAGES FOR ON-PREMISES CONSUMPTION; AND

(b) THAT FERMENTS AND DISTILLS NOT MORE THAN FORTY-FIVE THOUSAND LITERS OF SPIRITOUS LIQUOR ON ITS LICENSED PREMISES EACH CALENDAR YEAR.

(7.5) "Entertainment district" means an area that:

(c) Contains at least twenty thousand square feet of premises licensed as a tavern, hotel and restaurant, brew pub, DISTILLERY PUB, retail gaming tavern, or vintner's restaurant at the time the district is created.

(7.7) "FERMENT" OR "FERMENTATION" MEANS THE CHEMICAL PROCESS BY WHICH SUGAR IS CONVERTED INTO ALCOHOL.

SECTION 3. In Colorado Revised Statutes, 12-47-309, add (1) (m) as follows:

**12-47-309. Local licensing authority - applications - optional premises licenses.** (1) A local licensing authority may issue only the following alcohol beverage licenses upon payment of the fee specified in section 12-47-505:

(m) DISTILLERY PUB LICENSE.

SECTION 4. In Colorado Revised Statutes, 12-47-401, add (1) (v) as follows:

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12-47-401. Classes of licenses. (1) For the purpose of regulating the manufacture, sale, and distribution of alcohol beverages, the state licensing authority in its discretion, upon application in the prescribed form made to it, may issue and grant to the applicant a license or permit from any of the following classes, subject to the provisions and restrictions provided by this article:

(v) Distillery Pub License.

SECTION 5. In Colorado Revised Statutes, 12-47-501, amend (1) (l) as follows:

12-47-501. State fees. (1) The following license and permit fees shall be paid to the department of revenue annually in advance:

(l) For each brew pub, distillery pub, or vintner's restaurant license, three hundred twenty-five dollars;

SECTION 6. In Colorado Revised Statutes, 12-47-505, amend (1) (i) as follows:

12-47-505. Local license fees. (1) The following license fees shall be paid to the treasurer of the municipality, city and county, or county where the licensed premises is located annually in advance:

(i) For each brew pub, distillery pub, or vintner's restaurant license, five hundred dollars;

SECTION 7. In Colorado Revised Statutes, 12-47-301, amend (2) (a), (10) (c) introductory portion, (10) (c) (II), (11) (c) (II) introductory portion, and (11) (e) (I) as follows:

12-47-301. Licensing in general. (2) (a) Before granting any license, all licensing authorities shall consider, except where this article and article 46 of this title specifically provide otherwise, the reasonable requirements of the neighborhood, the desires of the adult inhabitants as evidenced by petitions, remonstrances, or otherwise, and all other reasonable restrictions that are or may be placed upon the neighborhood by the local licensing authority. With respect to a second or additional license described in section 12-47-401 (1) (j) to (1) (t), or 12-47-424, or
12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4) for the same licensee, all licensing authorities shall consider the effect on competition of the granting or disapproving of additional licenses to such licensee, and no application for a second or additional hotel and restaurant or vintner's restaurant license that would have the effect of restraining competition shall be approved.

(10) (c) Tastings shall be subject to the following limitations:

(II) The alcohol beverage used in tastings shall be purchased through a licensed wholesaler, licensed brew pub, licensed distillery pub, or winery licensed pursuant to section 12-47-403 at a cost that is not less than the laid-in cost of such the alcohol beverage.

(11) (c) (II) An association or tavern, hotel and restaurant, brew pub, distillery pub, retail gaming tavern, or vintner's restaurant licensee who wishes to create a promotional association may submit an application to the local licensing authority. To qualify for certification, the promotional association must:

(e) (I) A tavern, hotel and restaurant, brew pub, distillery pub, retail gaming tavern, or vintner's restaurant licensee who wishes to attach to a common consumption area may submit an application to the local licensing authority. To qualify, the licensee must include a request for authority to attach to the common consumption area from the certified promotional association of the common consumption area unless the promotional association does not exist when the application is submitted; if so, the applicant shall request the authority when a promotional association is certified and shall demonstrate to the local licensing authority that the authority has been obtained by the time the applicant's license issued under this article is renewed.

SECTION 8. In Colorado Revised Statutes, 12-47-308, amend (8) as follows:

12-47-308. Unlawful financial assistance. (8) It is unlawful for an owner, part owner, shareholder, or person interested directly or indirectly in a brew pub, distillery pub, or vintner's restaurant license to conduct, own in whole or in part, or be directly or indirectly interested in a wholesaler's license issued under this article or article 46 of this title.
SECTION 9. In Colorado Revised Statutes, 12-47-409, amend (3) as follows:

12-47-409. Beer and wine license. (3) It is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a beer and wine license to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that such a person may have an interest in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

SECTION 10. In Colorado Revised Statutes, 12-47-410, amend (5) as follows:

12-47-410. Bed and breakfast permit. (5) It is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a bed and breakfast permit to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that a person regulated under this section may have an interest in other bed and breakfast permits, in a license described in section 12-46-104 (1) (c), or 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v) or in a financial institution referred to in section 12-47-308 (4).

SECTION 11. In Colorado Revised Statutes, 12-47-411, amend (13) (b) as follows:

12-47-411. Hotel and restaurant license - definition - rules. (13) (b) Notwithstanding paragraph (a) of this subsection (13), an owner, part owner, shareholder, or person interested directly or indirectly in a hotel and restaurant license may conduct, own either in whole or in part, or be directly or indirectly interested in a license described in section 12-46-104 (1) (c), or 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

SECTION 12. In Colorado Revised Statutes, 12-47-412, amend (3) as follows:

12-47-412. Tavern license. (3) It is unlawful for any owner, part...
owner, shareholder, or person interested directly or indirectly in tavern licenses to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that such a person may have an interest in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

**SECTION 13.** In Colorado Revised Statutes, 12-47-413, amend (2) (b) as follows:

**12-47-413. Optional premises license.** (2) (b) Notwithstanding paragraph (a) of this subsection (2), an owner, part owner, shareholder, or person interested directly or indirectly in an optional premises license may own, either in whole or in part, or be directly or indirectly interested in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

**SECTION 14.** In Colorado Revised Statutes, 12-47-414, amend (4) as follows:

**12-47-414. Retail gaming tavern license.** (4) It is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a retail gaming tavern license to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that such a person may have an interest in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

**SECTION 15.** In Colorado Revised Statutes, 12-47-415, amend (5) (b) as follows:

**12-47-415. Brew pub license.** (5) (b) Notwithstanding paragraph (a) of this subsection (5), a person interested directly or indirectly in a brew pub license may conduct, own either in whole or in part, or be directly or indirectly interested in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).
SECTION 16. In Colorado Revised Statutes, 12-47-418, amend (4) as follows:

12-47-418. Racetrack license. (4) It is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in a racetrack license to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that a person licensed under this section may have an interest in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

SECTION 17. In Colorado Revised Statutes, 12-47-420, amend (5) (b) as follows:

12-47-420. Vintner's restaurant license. (5) (b) A person interested directly or indirectly in a vintner's restaurant license may conduct, own either in whole or in part, or be directly or indirectly interested in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-410 (1) or in a financial institution referred to in section 12-47-308 (4).

SECTION 18. In Colorado Revised Statutes, 12-47-421, amend (2) introductory portion and (2) (a) as follows:

12-47-421. Removal of vinous liquor from licensed premises. (2) The provisions of this section shall apply to a licensee:

(a) That is duly licensed as a: manufacturer's licensee

(I) MANUFACTURER under section 12-47-402; a

(II) Limited winery licensee under section 12-47-403; a

(III) Beer and wine licensee under section 12-47-409; a

(IV) Hotel and restaurant licensee under section 12-47-411; a

(V) Tavern licensee under section 12-47-412; a
(VI) Brew pub licensee under section 12-47-415; or a

(VII) Vintner's restaurant licensee under section 12-47-420; OR

(VIII) DISTILLERY PUB UNDER SECTION 12-47-424; and

SECTION 19. In Colorado Revised Statutes, 12-47-422, amend (6) as follows:

12-47-422. Art gallery permit - definition. (6) It is unlawful for any owner, part owner, shareholder, or person interested directly or indirectly in an art gallery permit to conduct, own either in whole or in part, or be directly or indirectly interested in any other business licensed pursuant to this article or article 46 of this title; except that a person regulated under this section may have an interest in other art gallery permits; in a license described in section 12-46-104 (1) (c), 12-47-401 (1) (j) to (1) (t), or 12-47-401 (1) (v), or 12-47-410 (1); or in a financial institution referred to in section 12-47-308 (4).

SECTION 20. In Colorado Revised Statutes, 12-47-423, amend (2) (a) as follows:

12-47-423. Wine packaging permit - limitations - rules. (2) A licensed winery or limited winery that obtains a wine packaging permit pursuant to this section shall not sell or distribute tax-paid wine it packages:

(a) To a person licensed to sell alcohol beverages at retail, for consumption on or off the licensed premises, under section 12-47-407, 12-47-408, 12-47-409, 12-47-410, 12-47-411, 12-47-412, 12-47-413, 12-47-414, 12-47-415, 12-47-416, 12-47-417, 12-47-418, 12-47-419, 12-47-420, or 12-47-422, or 12-47-424; or

SECTION 21. In Colorado Revised Statutes, 12-47-503, amend (1) (a) as follows:

12-47-503. Excise tax - records - definition. (1) (a) An excise tax at the rate of 8.0 cents per gallon, or the same per unit volume tax applied to metric measure, on all malt liquors, fermented malt beverages, and hard cider, 7.33 cents per liter on all vinous liquors except hard cider, and 60.26
cents per liter on all spirituous liquors is imposed, and such taxes shall be collected on all such respective beverages, not otherwise exempt from the tax, sold, offered for sale, or used in this state; except that, upon the same beverages, only one such tax shall be paid in this state. The manufacturer thereof, the holder of a winery direct shipper's permit, or the first licensee receiving alcohol beverages in this state if shipped from without the state, shall be primarily liable for the payment of any tax or tax surcharge imposed pursuant to this section; but, if such beverage is transported by a manufacturer or wholesaler to a point outside of the state and there disposed of, then such manufacturer or wholesaler, upon the filing with the state licensing authority of a duplicate bill of lading, invoice, or affidavit showing such transaction, shall not be subject to the tax provided in this section on such beverages, and, if such tax has already been paid, it shall be refunded to said manufacturer or wholesaler. For purposes of this section, "manufacturer" includes brew pub, licensees DISTILLERY PUB, and vintner's restaurant licensees.

SECTION 22. In Colorado Revised Statutes, 12-47-901, amend (2) and (9) (b) as follows:

12-47-901. Unlawful acts - exceptions. (2) It is unlawful for any person licensed as a manufacturer, limited winery, OR brew pub, OR DISTILLERY PUB pursuant to this article or article 46 of this title to manufacture alcohol beverages except in ANY LOCATION OTHER THAN the permanent location specifically designated in the license for such manufacture MANUFACTURING, except as allowed pursuant to section 12-46-104 (1)(a), 12-47-402 (2.5), 12-47-403 (2)(a), or 12-47-415 (1)(b).

(9) (b) This subsection (9) applies to persons licensed to sell alcohol beverages for consumption on the licensed premises pursuant to section 12-47-403, 12-47-409, 12-47-410, 12-47-411, 12-47-412, 12-47-413, 12-47-414, 12-47-415, 12-47-416, 12-47-417, 12-47-418, 12-47-419, 12-47-420, OR 12-47-422, OR 12-47-424.

SECTION 23. In Colorado Revised Statutes, 27-80-116, amend (3) and (4) (c) as follows:

27-80-116. Fetal alcohol spectrum disorders - legislative declaration - health warning signs - commission - repeal. (3) Each person licensed pursuant to section 12-47-401 (1) (h) to (1) (t) OR
12-47-401 (1) (v), C.R.S., to sell malt, vinous, and spirituous liquors or licensed pursuant to section 12-46-104 (1) (c), C.R.S., to sell fermented malt beverages is hereby encouraged to post a health warning sign pursuant to paragraph (c) of subsection (4) of this section, informing patrons that the consumption of alcohol during pregnancy may cause birth defects, including fetal alcohol spectrum disorders.

(4) (c) The commission shall develop a health warning sign and other informational materials for use by persons licensed pursuant to section 12-47-401 (1) (h) to (1) (t) or 12-47-401 (1) (v), C.R.S., to sell malt, vinous, and spirituous liquors or licensed pursuant to section 12-46-104 (1) (c), C.R.S., to sell fermented malt beverages and a plan for making the sign and other informational materials available on-line to such licensed persons and other interested parties. At a minimum, the health warning sign shall read as follows:

**HEALTH WARNING**

**DRINKING ANY ALCOHOLIC BEVERAGE DURING PREGNANCY MAY CAUSE BIRTH DEFECTS.**

**SECTION 24. Safety clause.** The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Dickey Lee Hullinghorst  Bill L. Cadman
SPEAKER OF THE HOUSE  PRESIDENT OF
OF REPRESENTATIVES  THE SENATE

Marilyn Eddins  Cindi L. Markwell
CHIEF CLERK OF THE HOUSE  SECRETARY OF
OF REPRESENTATIVES  THE SENATE

APPROVED________________________________________

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO