

Colorado Liquor Rules Effective January 1, 2025

During the summer and fall of 2025, the Colorado Liquor Rules Working Group had several public meetings to discuss needed additions and modifications to the Colorado Liquor Rules due to new legislation and various industry members' recommendations. I was a member-at-large of the Liquor Working Group and attended the meetings. The following is a summary of some of the changes, mostly that affect seller servers within on and off-premises licenses. The following is not to be intended as a legal interpretation of the rules or legal advice concerning the rules. For legal advice or counsel, please consult with an attorney.

This document is a summary based on the author's understanding of the rule additions and modifications. You can find a copy of the red-lined rules by clicking here.

Regulation 47-303. License Renewal

The law now allows local and state licensing authorities to renew licenses on a two-year cycle. There are many nuances to the two-year cycle requirements. Please review the official rules for more information.

Regulation 47-304. Transfer of Ownership and Changes in Licensed Entities

The law now allows the transfer of alcohol beverages between retail liquor store licenses when the selling licensee will surrender its license. There are many requirements that must be met in order for the transfer of alcohol under this rule to be completed. Please review the official rules for more information.

Regulations 47-315 and 47-1104. Entertainment Facility and Lodging Entertaiment License.

The law split the Lodging and Entertainment licenses into two separate licenses. Most if not all of the requirements of each license under the old law are the same under the new law but found in different sections. Please review the official rules for more information.

Regulation 47-322. Unfair Trade Practices

The ability for a wholesaler to have trade shows and trade events was extended to include the wholesaler's license premises. Please review the official rules for more information.

Regulation 47-426. Arts License

The law was changed to allow arts licenses to have limited advertising of alcohol beverage sales on the licensed premises or may include advertising in e-mail print, radio, TV, and social media. The availability of alcohol beverages must not be the primary focus of such advertising. Please review the official rules for more information.

Regulation 47-426. Delivery Sales by Off-Premises Licensees

Allows an off-premises license to contract with an ordering service provider to facilitate the order for an alcohol delivery. The ordering service provider cannot be paid via a % of sales and must be paid on a flat-rate basis. The ordering service provider shall not direct any customer to a particular licensee to purchase alcohol beverages and shall allow customers to select from among any of the licensees for which the ordering service provider acts as an agent. Please review the official rules for more information.

Regulation 47-428. Sales Rooms

A manufacturer of spirits may use common alcohol modifiers (including but not limited to amaros, liqueurs, and vermouths) to mix with spirits of its owner manufacture to prepare cocktails for consumption on or off the sales room premises for patrons. The manufacturer must use the modifier in the mix of another beverage and may not serve or sell the modifier

by itself. The spirits manufacturer may purchase the common modifiers from a wholesaler or off-premises retailer. Please review the official rules for more information.

Regulation 47-434. Manufacturer Licensed Premises that Include Noncontiguous Locations.

The law now allows a brewery and distillery (as well as a winery or limited winery as previously allowed) to have a noncontiguous location. Please review the official rules for more information.

Regulation 47-1000. Qualifications for Special Events Permit.

The law now allows a Chamber of Commerce to be included in the entities that are allowed to hold a special event permit. The rules have several conditions on how the special event permit is issued. Please review the official rules for more information.

Regulation 47-1107. Rent

This is a new regulation that provides guidance between landlords and licensees. For percentage sales leases/rents, the landlord is not to be deemed an owner of the licensee or to hold a direct or indirection financial interest in the liquor license as long as the percentage is 18% or less.

For a flat rate lease/rent, the landlord is not to be deemed an owner of the licensee or to hold a direct or indirection financial interest in the liquor license based solely upon a payment of rent at a fixed periodic rate.

A landlord shall not directly or indirectly control or attempt to control, or otherwise influence the liquor licensee with respect to the amount or type of alcohol beverage the licensee sells.

Please review the official rules for more information.

Regulation 47-1109. Educational Classes.

This rule addresses several items concerning the new law that allows a retail liquor store to conduct tastings for educational purposes on its liquor license premises. Educational classes must be a closed event where patrons (at least 21 years of age) attend a class on the topics: (1) history of the alcohol, (2) food pairings, (3) serving suggestions, or (4) other educational topics involving alcohol.

The following are some of the new rules:

<u>Notification</u> – Unlike the traditional tastings, there is no mandate to obtain a permit from the local licensing authority for the new educational classes. However, the retail liquor store holding an educational class shall notify the local and state licensing authority of the date of the class no less than five (5) business days prior to the date of the class. The notification must include the date and time of the event and types of alcohol being served.

<u>Record Retention</u> - the retail liquor store shall maintain records of all attendees of each class for no less than 90 days. The records must include the name and at least one of the following means of contact: an address, email address or phone number.

The retail liquor store shall maintain records of all alcohol beverages used during each class, how much was used during the class and whether or not the leftover product was destroyed or kept for a future class.

<u>Costs</u> – Unlike the traditional tastings, the licensee may charge a fee for the class, except the licensee cannot charge a fee by the drink.

<u>Product Costs</u> – Unlike the traditional tastings, a wholesaler or manufacturer may provide alcohol to be used for the educational classes at no cost with the following requirements:

- Must be invoiced separately from regular alcohol stock.
- No more than 10% of the alcohol beverage to be used for a specific educational class shall be provided at no cost by a particular wholesaler or manufacturer.
- The total percentage of alcohol beverages provided by all wholesalers or manufacturers at no cost for use in a specific education class shall not exceed 50% of the total alcohol beverages to be used.
- Any sealed alcohol beverages provided by a wholesaler or manufacturer left over at the end of the class shall be removed by the wholesaler/manufacturer or purchased by the retail liquor store at not less than the wholesaler's laid-in cost.

 At the end of the class, any open containers can be resealed and used for subsequent educational classes and must be locked in a secure location away from the sales floor.

<u>Class Instruction</u> – A wholesaler/manufacturer may instruct the educational class, however, if the wholesaler/manufacturer instructs the educational class, the retail liquor store must have at least one of its employees instruct that class as well.

<u>Sample Sizes</u> – the retail liquor store can provide the following samples to class attendees:

- 1 serving classes lasting 1 hour or less
- 2 servings classes lasting more than 1 hours but less than 2 hours
- 3 servings classes lasting more than 2 hours or more

A serving is defined as:

- 12 oz. of malt liquor or hard cider not exceeding 8% ABV
- 10 oz. of malt liquor exceeding 8% ABV
- 5 oz. of vinous liquor not exceeding 17% ABV
- 4 oz. of vinous liquor exceeding 17% ABV
- 1.5 oz. of spirits exceeding 24% ABV
- 2.5 oz. of spirits less than 24% ABV
- 5 oz. of spirits less than 16% ABV

<u>Food and Water</u> – at a minimum, sandwiches and light snacks (defined below) must be available for patrons at the classes. Water must also be accessible to each patron of the class.

Sandwiches and light snacks are defined in regulation 47-100(J):

- Sandwiches are defined as single-serving items such as hamburgers, hot dogs, frozen pizzas, burritos, chicken wings, or items of a similar nature.
- Light snacks are defined as popcorn, pretzels, nuts, chips, or items of a similar nature.

<u>Common Modifiers</u> – Common modifiers from the retail liquor store's own inventory may be used during the class and need not be reported to the local or state licensing authority.

For more information about any all the rule changes, please review the official rules - <u>click</u> <u>here</u>.