

Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0527.01 Christy Chase

HOUSE BILL 10-1279

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HOUSE SPONSORSHIP

McFadyen, Balmer, Casso, Pommer

SENATE SPONSORSHIP

Williams,

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House Committees

Business Affairs and Labor

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE OWNERSHIP OF A LICENSE TO SELL ALCOHOL  
102 BEVERAGES AT RETAIL, AND, IN CONNECTION THEREWITH,  
103 ALLOWING A GROCERY STORE TO APPLY TO TRANSFER  
104 OWNERSHIP AND CHANGE LOCATION OF A RETAIL LIQUOR STORE  
105 LICENSE AND TO CONVERT THE RETAIL LIQUOR STORE LICENSE  
106 TO A LIQUOR-LICENSED DRUGSTORE LICENSE.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

On or after January 1, 2011, the bill allows a grocery store to apply to the state and local licensing authorities, as part of a single application, to transfer ownership and change the location of a licensed retail liquor store and to convert the retail liquor store license to a liquor-licensed drugstore license, thereby allowing the grocery store, if the application is approved, to sell malt, vinous, and spirituous liquors. Assuming all other requirements for the transfer and conversion are satisfied, the application is permitted only if:

- ! The subject retail liquor store and the grocery store are within the jurisdiction of the same local licensing authority;
- ! The grocery store will not be located within 1,000 feet of another licensed retail liquor store within the same local licensing authority's jurisdiction; and
- ! The grocery store provides evidence that its revenues from food sales during the prior 12 months have been at least 51% of its total revenues.

In making its determination on the application, the local licensing authority may consider the reasonable requirements of the neighborhood. A grocery store business would be allowed to obtain multiple liquor-licensed drugstore licenses.

A grocery store would have to pay an application fee to both the state licensing authority and the local licensing authority and, if the application is granted, would be subject to the same annual licensing fees that liquor-licensed drugstores are required to pay.

A liquor-licensed drugstore, including a grocery store that obtains a liquor-licensed drugstore license, would not be permitted to conduct tastings on the licensed premises.

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

2           **SECTION 1.** 12-47-103 (16) and (37.5), Colorado Revised  
3 Statutes, are amended, and the said 12-47-103 is further amended BY  
4 THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to  
5 read:

6           **12-47-103. Definitions.** As used in this article and article 46 of  
7 this title, unless the context otherwise requires:

8           (9.5) "GROCERY STORE" MEANS AN ESTABLISHMENT THAT:

9           (a) GENERATES AT LEAST FIFTY-ONE PERCENT OF ITS TOTAL  
10 REVENUES FROM THE SALE OF PACKAGED OR FRESH FOOD PRODUCTS, SUCH

1 AS FRESH PRODUCE, MEAT, FISH, DAIRY PRODUCTS, BAKERY ITEMS, DRY  
2 GOODS, AND OTHER EDIBLE GROCERIES, AND HOUSEHOLD PRODUCTS, SUCH  
3 AS TOILETRIES AND CLEANING PRODUCTS; AND

4 (b) OPERATES A PHARMACY ON SITE.

5 (9.7) "GROCERY STORE BUSINESS" MEANS A CORPORATION,  
6 LIMITED LIABILITY COMPANY, PARTNERSHIP, OR OTHER BUSINESS ENTITY  
7 THAT OWNS AND OPERATES ONE OR MORE GROCERY STORES.

8 (16) "Liquor-licensed drugstore" means:

9 (a) Any drugstore licensed by the state board of pharmacy that has  
10 also applied for and has been granted a license by the state licensing  
11 authority to sell malt, vinous, and spirituous liquors in original sealed  
12 containers for consumption off the premises; OR

13 (b) A GROCERY STORE THAT HAS ACQUIRED A RETAIL LIQUOR  
14 STORE LICENSE AND CONVERTED THE RETAIL LIQUOR LICENSE TO A  
15 LIQUOR-LICENSED DRUGSTORE LICENSE IN ACCORDANCE WITH SECTIONS  
16 12-47-407 (6) AND 12-47-408 (6) AND IS AUTHORIZED UNDER THAT  
17 LICENSE TO SELL MALT, VINOUS, AND SPIRITUOUS LIQUORS IN ORIGINAL  
18 SEALED CONTAINERS FOR CONSUMPTION OFF THE PREMISES.

19 (37.5) "Tastings" means the sampling of malt, vinous, or spiritous  
20 liquors that may occur on the premises of a retail liquor store licensee ~~or~~  
21 ~~liquor-licensed drugstore licensee~~ by adult patrons of the licensee  
22 pursuant to the provisions of section 12-47-301 (10).

23 **SECTION 2.** 12-47-301 (10) (b), (10) (c) (I), (10) (d), and (10)  
24 (e), Colorado Revised Statutes, are amended to read:

25 **12-47-301. Licensing in general.** (10) (b) A retail liquor store  
26 ~~or liquor-licensed drugstore~~ licensee who wishes to conduct tastings may  
27 submit an application or application renewal to the local licensing

1 authority. The local licensing authority may reject the application if the  
2 applicant fails to establish that he or she is able to conduct tastings  
3 without violating ~~the provisions of~~ this section or creating a public safety  
4 risk to the neighborhood. A local licensing authority may establish its  
5 own application procedure and may charge a reasonable application fee.

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

7 (I) Tastings shall be conducted only:

8 (A) By a person who has completed a server training program that  
9 meets the standards established by the liquor enforcement division in the  
10 department of revenue and who is either a retail liquor store licensee ~~or~~  
11 ~~a liquor-licensed drugstore licensee~~, or an employee of a licensee; and  
12 ~~only~~

13 (B) On a licensee's licensed premises.

14 (d) A violation of a limitation specified in this subsection (10) or  
15 of section 12-47-801 by a retail liquor store ~~or liquor-licensed drugstore~~  
16 licensee, whether by ~~his or her~~ THE RETAIL LIQUOR STORE'S employees,  
17 agents, or otherwise, shall be the responsibility of the retail liquor store  
18 ~~or liquor-licensed drugstore~~ licensee who is conducting the tasting.

19 (e) A retail liquor store ~~or liquor-licensed drugstore~~ licensee  
20 conducting a tasting shall be subject to the same revocation, suspension,  
21 and enforcement provisions as otherwise apply to the licensee.

22 **SECTION 3.** 12-47-303 (1) (c) and (2), Colorado Revised  
23 Statutes, are amended to read:

24 **12-47-303. Transfer of ownership and temporary permits.**

25 (1) (c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
26 PARAGRAPH (c), for any other transfer of ownership, application shall be  
27 made to the state and local licensing authorities on forms prepared and

1 furnished by the state licensing authority. In determining whether to  
2 permit a transfer of ownership, the licensing authorities shall consider  
3 only the requirements of section 12-47-307 and 1 CCR 203-2, rule  
4 47-302, entitled "Changing, Altering, or Modifying Licensed Premises",  
5 or any analogous successor rule. The local licensing authority may cause  
6 a hearing on the application for transfer of ownership to be held. No  
7 hearing provided for by this paragraph (c) shall be held by the local  
8 licensing authority until a notice of hearing has been conspicuously  
9 posted on the licensed premises for a period of ten days and notice of the  
10 hearing has been provided TO the applicant at least ten days prior to the  
11 hearing. Any transfer of ownership hearing by the state licensing  
12 authority shall be pursuant to section 12-47-305 (2).

13 (II) A LICENSE CONVERSION AS PROVIDED FOR IN SECTIONS  
14 12-47-407 (6) AND 12-47-408 (6) INCLUDES A TRANSFER OF OWNERSHIP,  
15 A CHANGE OF LOCATION, AND A CHANGE IN CLASS OF LICENSE IN A SINGLE  
16 TRANSACTION, AND THE GROCERY STORE APPLICANT NEED NOT APPLY  
17 SEPARATELY FOR A TRANSFER OF OWNERSHIP UNDER THIS SECTION. THE  
18 GROCERY STORE APPLYING FOR A LICENSE CONVERSION PURSUANT TO  
19 SECTIONS 12-47-407 (6) AND 12-47-408 (6) IS NOT ELIGIBLE FOR A  
20 TEMPORARY PERMIT PURSUANT TO THIS SECTION. THE LOCAL LICENSING  
21 AUTHORITY MAY CONSIDER THE REASONABLE REQUIREMENTS OF THE  
22 NEIGHBORHOOD PURSUANT TO SECTION 12-47-312 WHEN MAKING A  
23 DETERMINATION ON THE CHANGE IN CLASS OF LICENSE FROM A RETAIL  
24 LIQUOR STORE LICENSE TO A LIQUOR-LICENSED DRUGSTORE LICENSE.

25 (2) Notwithstanding the provisions of this article to the contrary,  
26 a local licensing authority shall have discretionary authority to issue a  
27 temporary permit to a transferee of any retail class of alcohol beverage

1 license issued by the local licensing authority pursuant to this article or  
2 article 46 of this title; EXCEPT THAT A LOCAL LICENSING AUTHORITY  
3 SHALL NOT ISSUE A TEMPORARY PERMIT TO A GROCERY STORE THAT HAS  
4 ACQUIRED OWNERSHIP OF A LICENSED RETAIL LIQUOR STORE IN  
5 ACCORDANCE WITH SECTIONS 12-47-407 (6) AND 12-47-408 (6). Such  
6 temporary permit shall authorize a transferee to continue selling such  
7 alcohol beverages as permitted under the permanent license during the  
8 period in which an application to transfer the ownership of the license is  
9 pending.

10 **SECTION 4.** 12-47-312 (2) (a), Colorado Revised Statutes, is  
11 amended to read:

12 **12-47-312. Results of investigation - decision of authorities.**  
13 (2) (a) Before entering any decision approving or denying the  
14 application, the local licensing authority shall consider, except where this  
15 article specifically provides otherwise, the facts and evidence adduced as  
16 a result of its investigation, as well as any other facts, the reasonable  
17 requirements of the neighborhood for the type of license for which  
18 application has been made, the desires of the adult inhabitants, the  
19 number, type, and availability of alcohol beverage outlets located in or  
20 near the neighborhood under consideration, and any other pertinent  
21 matters affecting the qualifications of the applicant for the conduct of the  
22 type of business proposed; except that the reasonable requirements of the  
23 neighborhood shall not be considered in the issuance of a club liquor  
24 license. The reasonable requirements of the neighborhood may, but are  
25 not required to, be considered in the conversion or transfer of a  
26 liquor-licensed drugstore license to a retail liquor store license OR THE  
27 CONVERSION OR TRANSFER OF A RETAIL LIQUOR STORE LICENSE TO A

1 LIQUOR-LICENSED DRUGSTORE IN ACCORDANCE WITH SECTIONS 12-47-407  
2 (6) AND 12-47-408 (6).

3 **SECTION 5.** 12-47-407, Colorado Revised Statutes, is amended  
4 BY THE ADDITION OF A NEW SUBSECTION to read:

5 **12-47-407. Retail liquor store license.** (6) A GROCERY STORE  
6 MAY APPLY TO THE STATE AND LOCAL LICENSING AUTHORITIES, AS PART  
7 OF A SINGLE APPLICATION, FOR A LICENSE CONVERSION FROM A RETAIL  
8 LIQUOR STORE TO A LIQUOR-LICENSED DRUGSTORE AS PROVIDED IN  
9 SECTION 12-47-408 (6).

10 **SECTION 6.** 12-47-408 (1) and (4), Colorado Revised Statutes,  
11 are amended, and the said 12-47-408 is further amended BY THE  
12 ADDITION OF A NEW SUBSECTION, to read:

13 **12-47-408. Liquor-licensed drugstore license.** (1) A  
14 liquor-licensed drugstore license shall be issued to persons selling malt,  
15 vinous, and spirituous liquors in sealed containers not to be consumed at  
16 the place where sold. ~~Nothing in this subsection (1) shall prohibit a~~  
17 ~~liquor-licensed drugstore licensee from allowing tastings to be conducted~~  
18 ~~on his or her licensed premises if an authorization for the tastings has~~  
19 ~~been granted pursuant to section 12-47-301.~~

20 (4) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS  
21 SUBSECTION (4), it is unlawful for any owner, part owner, shareholder, or  
22 person interested directly or indirectly in a liquor-licensed drugstore to  
23 conduct, own either in whole or in part, or be directly or indirectly  
24 interested in any other business licensed pursuant to this article. ~~except~~  
25 ~~that such~~

26 (b) (I) A person THAT HAS AN INTEREST IN A LIQUOR-LICENSED  
27 DRUGSTORE, AS DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (4),

1 may have an interest in:

2 (A) An arts license; ~~or~~

3 (B) An airline public transportation system license granted under  
4 this article; ~~or in~~

5 (C) A financial institution referred to in section 12-47-308 (4); OR

6 (D) OTHER LIQUOR-LICENSED DRUGSTORE LICENSES OBTAINED  
7 PURSUANT TO SUBSECTION (6) OF THIS SECTION.

8 (II) A GROCERY STORE BUSINESS MAY OBTAIN AN UNLIMITED  
9 NUMBER OF LIQUOR-LICENSED DRUGSTORE LICENSES IN THE MANNER  
10 PROVIDED IN SUBSECTION (6) OF THIS SECTION.

11 (6) (a) A GROCERY STORE MAY APPLY TO THE STATE AND LOCAL  
12 LICENSING AUTHORITIES, AS PART OF A SINGLE APPLICATION, FOR A  
13 TRANSFER OF OWNERSHIP OF A LICENSED RETAIL LIQUOR STORE, A CHANGE  
14 OF LOCATION OF THE RETAIL LIQUOR STORE, AND A CHANGE IN CLASS OF  
15 LICENSE FROM A RETAIL LIQUOR STORE LICENSE TO A LIQUOR-LICENSED  
16 DRUGSTORE LICENSE. A GROCERY STORE MAY APPLY FOR SUCH TRANSFER  
17 AND CONVERSION ONLY IF ALL OF THE FOLLOWING JURISDICTION,  
18 DISTANCE, AND FOOD SALES REQUIREMENTS ARE MET:

19 (I) THE RETAIL LIQUOR STORE THAT IS THE SUBJECT OF THE  
20 TRANSFER OF OWNERSHIP IS LOCATED WITHIN THE SAME LOCAL LICENSING  
21 AUTHORITY JURISDICTION AS THE GROCERY STORE MAKING THE  
22 APPLICATION.

23 (II) UPON TRANSFER AND CONVERSION OF THE RETAIL LIQUOR  
24 STORE LICENSE TO A LIQUOR-LICENSED DRUGSTORE LICENSE, THE  
25 GROCERY STORE THAT HAS OBTAINED THE LIQUOR-LICENSED DRUGSTORE  
26 LICENSE WILL NOT BE LOCATED WITHIN ONE THOUSAND FEET OF ANOTHER  
27 RETAIL LIQUOR STORE LICENSEE THAT IS WITHIN THE SAME LOCAL



1 LICENSING AUTHORITY JURISDICTION AS THE GROCERY STORE, AS  
2 DETERMINED BY A RADIUS MEASUREMENT THAT BEGINS AT THE PRINCIPAL  
3 DOORWAY OF THE GROCERY STORE AND ENDS AT THE PRINCIPAL DOORWAY  
4 OF THE RETAIL LIQUOR STORE.

5 (III) AT THE TIME OF APPLICATION, THE GROCERY STORE PROVIDES  
6 EVIDENCE TO THE STATE AND LOCAL LICENSING AUTHORITIES THAT ITS  
7 FOOD SALES REVENUES DURING THE PRIOR TWELVE MONTHS HAVE BEEN  
8 AT LEAST FIFTY-ONE PERCENT OF THE GROCERY STORE'S TOTAL REVENUES.

9 (b) IN MAKING ITS DETERMINATION ON THE TRANSFER OF  
10 OWNERSHIP, CHANGE OF LOCATION, AND CONVERSION OF CLASS OF  
11 LICENSE APPLICATION, THE LOCAL LICENSING AUTHORITY MAY CONSIDER  
12 THE REASONABLE REQUIREMENTS OF THE NEIGHBORHOOD AND THE  
13 DESIRES OF THE ADULT INHABITANTS IN ACCORDANCE WITH SECTION  
14 12-47-312.

15 **SECTION 7.** 12-47-501 (2) (a), Colorado Revised Statutes, is  
16 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

17 **12-47-501. State fees.** (2) (a) The state licensing authority shall  
18 establish fees for processing the following types of applications, notices,  
19 or reports required to be submitted to the state licensing authority:

20 (XV) APPLICATIONS FOR TRANSFER OF OWNERSHIP, CHANGE OF  
21 LOCATION, AND CONVERSION OF CLASS OF LICENSE PURSUANT TO  
22 SECTIONS 12-47-407 (6) AND 12-47-408 (6).

23 **SECTION 8.** 12-47-505 (4) (a), Colorado Revised Statutes, is  
24 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

25 **12-47-505. Local license fees.** (4) (a) Each application for a  
26 license provided for in this article and article 46 of this title filed with a  
27 local licensing authority shall be accompanied by an application fee in an

1 amount determined by the local licensing authority to cover actual and  
2 necessary expenses, subject to the following limitations:

3 (V) FOR A TRANSFER OF OWNERSHIP, CHANGE OF LOCATION, AND  
4 CONVERSION OF CLASS OF LICENSE PURSUANT TO SECTIONS 12-47-407 (6)  
5 AND 12-47-408 (6), NOT TO EXCEED FIVE THOUSAND DOLLARS.

6 **SECTION 9.** 12-47-901 (1) (h) (III), (5) (i) (II), (5) (k) (II), and  
7 (7) (b), Colorado Revised Statutes, are amended to read:

8 **12-47-901. Unlawful acts - exceptions.** (1) Except as provided  
9 in section 18-13-122, C.R.S., it is unlawful for any person:

10 (h) (III) Notwithstanding subparagraph (I) of this paragraph (h),  
11 it shall not be unlawful for adult patrons of a retail liquor store ~~or~~  
12 ~~liquor-licensed drugstore~~ licensee to consume malt, vinous, or spirituous  
13 liquors on the licensed premises when the consumption is conducted  
14 within the limitations of the licensee's license and is part of a tasting if  
15 authorization for the tasting has been granted pursuant to section  
16 12-47-301.

17 (5) It is unlawful for any person licensed to sell at retail pursuant  
18 to this article:

19 (i) (II) Notwithstanding subparagraph (I) of this paragraph (i), it  
20 shall not be unlawful for a retail liquor store ~~or liquor-licensed drugstore~~  
21 licensee to allow tastings to be conducted on his or her licensed premises  
22 if authorization for the tastings has been granted pursuant to section  
23 12-47-301.

24 (k) (II) Notwithstanding subparagraph (I) of this paragraph (k), it  
25 ~~shall~~ IS not be unlawful for a retail liquor store ~~or liquor-licensed~~  
26 ~~drugstore~~ licensee to allow tastings to be conducted on ~~his or her~~ THE  
27 licensed premises if authorization for the tastings has been granted

1 pursuant to section 12-47-301.

2 (7) (b) Notwithstanding paragraph (a) of this subsection (7), it  
3 ~~shall~~ IS not ~~be~~ unlawful for a retail liquor store ~~or liquor-licensed~~  
4 ~~drugstore~~ licensee to allow tastings to be conducted on his or her licensed  
5 premises if authorization for the tastings has been granted pursuant  
6 section 12-47-301.

7 **SECTION 10. Act subject to petition - effective date -**  
8 **applicability.** (1) This act shall take effect at 12:01 a.m. on the day  
9 following the expiration of the ninety-day period after final adjournment  
10 of the general assembly (August 11, 2010, if adjournment sine die is on  
11 May 12, 2010); except that, if a referendum petition is filed pursuant to  
12 section 1 (3) of article V of the state constitution against this act or an  
13 item, section, or part of this act within such period, then the act, item,  
14 section, or part shall not take effect unless approved by the people at the  
15 general election to be held in November 2010 and shall take effect on the  
16 date of the official declaration of the vote thereon by the governor.

17 (2) The provisions of this act shall apply to applications to transfer  
18 ownership, change location, and convert a class of license submitted by  
19 grocery stores on or after January 1, 2011.