COLORADO LIQUOR RULES

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Regulation 47-002. Fermented Malt Beverages - Advertising Practices.

No licensee for the retail sale or distribution of fermented malt beverages shall, upon or in proximity to, or referring to the licensed premises, use, publish or exhibit, or permit to be used, published or exhibited, any sign, advertisement, display, notice, symbol or other device which advertises, indicates, implies or infers that beverages containing more than 3.2% alcohol by weight (wt) or four percent by volume (vl), are sold, distributed or dispensed upon or from said premises.

Regulation 47-004. Fermented Malt Beverages - Possession of Alcohol Liquors.

No person shall possess or consume on the licensed premises of a fermented malt beverage licensee, any beverages containing alcohol in excess of three and two-tenths percent by weight or four-percent alcohol by volume.

Regulation 47-006. Fermented Malt Beverages - Identification and Labeling.

A. No licensee for the sale of fermented malt beverages shall sell, offer, expose for sale, or distribute within this state any canned or bottled fermented malt beverages in case or carton lots unless such beverages be contained in a case or carton bearing the phrase "3.2%" followed by a word indicating the type of beverage, such as beer or ale. The designation "3.2% BEER," "3.2% ALE," etc., as the case may be, shall be composed of legible symbols of not less than ¼ of one inch in height, and shall be indelibly stamped or imprinted on top of the case or carton or upon the sealing strip thereof. Notwithstanding the above, cartons or unsealed returnable cases need no external markings if such container allows direct view of the individual cans or bottles which indicates the percent and type of beverage therein.

B. No licensee shall sell, offer or expose for sale or distribute within this state any fermented malt beverages in kegs, casks or other containers except bottles and cans of less than 33 ounces capacity unless such containers bear thereon the phrase "3.2%" followed by a word indicating the type of beverage, such as beer or ale. The designation "3.2% BEER", "3.2% ALE," etc., as the case may be, shall be composed of legible symbols of not less than one inch in height, shall clearly and visibly appear on the container which is intended to be opened and shall be indelibly stamped or imprinted either upon the container itself or upon a label affixed thereto and sealed with a transparent water repellent material. Nothing shall prohibit the division from approving materials other than water repellent material used for labeling if the division finds the material is suitable for maintaining the required information on the container.

C. No such licensee shall sell, offer or expose for sale or distribute within the state any fermented malt beverages in bottles or cans of less than thirty-three (33) ounces capacity unless said containers, or a label attached thereto, shall carry thereon, in clear legible and indelible print a statement which clearly indicates that the beverage therein contains not more than 3.2% alcohol by weight or 4% alcohol by volume.

Regulation 47-008. Fermented Malt Beverages - Limitations of License.

A. No person licensed for on-premises consumption only, pursuant to section 12-46-107(1)(b), C.R.S., shall sell fermented malt beverages in sealed containers, or permit the removal from the licensed premises of any fermented malt beverages in either sealed or unsealed containers.

B. No person licensed for off-premises consumption only, pursuant to section 12-46-107(1)(a), C.R.S., shall sell, by the drink, any open container of fermented malt beverage, or permit the consumption of any fermented malt beverages within the licensed premises.

Regulation 47-100. Definitions.

A. "Licensed, Licensee, and Licensed Premises" mean persons or premises issued a license or permit under Articles 46, Articles 47 and Article 48 of Title 12.

B. "Manufacturer" means a Colorado licensed brewery, winery, limited winery, distillery, vintner's restaurant or brewpub as defined by C.R.S. 12-46-104 and 12-47-103.

C. "Nonresident Manufacturer" means a manufacturer of malt liquor or fermented malt beverages that is located outside the state of Colorado and has been issued a Brewer's Notice by the Bureau of Alcohol, Tobacco and Firearms.

D. "Product Sales Promotion" means a sales promotion, featuring a particular brand of alcohol beverage that is conducted on a retailer's licensed premises by an alcohol beverage supplier. Product sales promotions may include drink specials, product sampling and the giveaway of consumer goods.

E. "Sponsored Event" means an event supported in whole or in part by a licensed supplier that is conducted at a retail licensed establishment.

F. "Supplier" means a Colorado licensed manufacturer, brewpub, vintners restaurant, limited winery, non-resident manufacturer, wholesaler or importer of alcohol beverages.

G. "Unreasonable or Undue Noise" means a level of noise that violates local noise ordinance standards, or where no local noise ordinance standard exists, a level of noise that would violate the provisions of 25-12-103 C.R.S.

Regulation 47-200. Declaratory Orders Concerning the Colorado Liquor, Beer or Special Event Codes.

A. Any person may petition the Liquor Enforcement Division of the Colorado Department of Revenue for a statement of position concerning the applicability to the petitioner of any provision of the Colorado Liquor, Beer, or Special Events Codes, or any regulation of the state licensing authority. The Division shall respond with a written statement of position within thirty days of receiving such petition.

B. Any person who has petitioned the Division for a statement of position and who is dissatisfied with the statement of position or who has not received a response within thirty days, may petition the state licensing authority for a declaratory order pursuant to C.R.S. 1973, 24-4-105(11). If a petitioner is dissatisfied with a statement of position, a petition for declaratory order must be filed within thirty days after issuance of the statement of position. Any petitioner who has not received a statement of position within thirty days may petition the state liquor licensing authority at any time thereafter. Such petition shall set forth the following:

1. The name and address of the petitioner; whether the petitioner is licensed pursuant to the Colorado Liquor, Beer, or Special Events Codes and if so, the type of license/permit and address of the licensed premises.

2. The statute, rule or order to which the petition relates.

3. A concise statement of all of the facts necessary to show the nature of the controversy or the uncertainty as to the applicability to the petitioner of the statute, rule or order to which the petition relates.

4. A concise statement of the legal authorities, if any, and such other reasons upon which petitioner relies.

5. A concise statement of the declaratory order sought by the petitioner.

C. The state licensing authority will determine, in its discretion without prior notice to the petitioner, whether to entertain any petition. If the state licensing authority decides it will not entertain a petition, it shall promptly notify the petitioner in writing of its decision and the reasons for that decision. Any of the following grounds may be sufficient reason to refuse to entertain a petition:

1. The petitioner has failed to petition the Division for a statement of position, or if a statement of position has been issued, the petition for declaratory order was filed with the state licensing authority more than thirty days after issuance of the statement of position.

2. A ruling on the petition will not terminate the controversy nor remove uncertainties concerning the applicability to petitioner of the statute, rule or order in question.

3. The petition involves a subject, question or issue which is currently involved in a pending hearing before the state or any local licensing authority, or which is involved in an on-going investigation conducted by the Division or which is involved in a written complaint previously filed with the state liquor licensing authority.

4. The petition seeks a ruling on a moot or hypothetical question, having no applicability to the petitioner.

5. Petitioner has some other adequate legal remedy, other than an action for declaratory relief pursuant to Colo. R.Civ. 57, which will terminate the controversy or remove any uncertainty concerning applicability of the statute, rule or order.

D. If the state licensing authority determines that it will entertain the petition for declaratory order, it shall promptly so notify the petitioner, and the following procedures shall apply:

1. The state licensing authority may expedite the hearing, where the interests of the petitioner will not be substantially prejudiced thereby, by ruling on the basis of the facts and legal authority presented in the petition, or by requesting the petitioner or the Liquor Enforcement Division to submit additional evidence and legal argument in writing.

2. In the event the state licensing authority determines that an evidentiary hearing or legal argument is necessary to a ruling on the petition, a hearing shall be conducted in conformance with C.R.S., 1973, 24-4-105.

3. In ruling on a petition, the state licensing authority may take administrative notice of general, technical or scientific facts within its knowledge, so long as the fact is specified in the record or is brought to the attention of the parties before final decision and every party is afforded an opportunity to controvert the fact so noticed.

4. Every declaratory order shall be promptly decided and issued in writing, specifying the basis in fact and law for the order.

5. The parties to any proceeding pursuant to this rule shall be the petitioner and the Liquor Enforcement Division. Any other interested person may seek leave of the state liquor licensing authority to intervene in the proceeding and such leave may be granted if the licensing authority determines that such intervention will make unnecessary a separate petition for declaratory order by the interested person.

6. The declaratory order shall constitute agency action subject to judicial review pursuant to C.R.S. 1973, 24-4-106.

E. A copy of any petition for a statement of position to the Liquor Enforcement Division and of any petition for a

declaratory order to the state licensing authority shall be mailed, on the same day that the petition is filed with the Division or authority, to the individual county or municipality within which the petitioner's licensed premises, or premises proposed to be licensed, are located. Any petition filed with the Division or authority shall contain a certification that the mailing requirements of this paragraph have been met.

F. Files of all requests, statements of position, and declaratory orders will be maintained and relied upon by the Liquor Enforcement Division for a period of 10 years, unless the statement of position or declaratory order is superseded by a statutory or regulatory change, or amended or reversed by the State Licensing Authority. Except with respect to any material required by law to be kept confidential, such files shall be available for public inspection.

Regulation 47-300. Change in Class of License.

A. A request for a change in the class of license from that presently held by a licensee shall be considered an application for a new license and subject to the requirements of sections 12-47-311, C.R.S and 12-47-313. C.R.S.

B. A liquor-licensed drugstore licensee that was licensed on or before July 1, 2000, may convert its license to a retail liquor store license upon the filing of a new application and payment of all applicable state and local application and license fees, but the local authority shall not consider the distance restrictions described in section 12-47-313(1)(d)(i), C.R.S. Further, the local authority may, but shall not be required to, consider the reasonable requirements of the neighborhood when considering the new application.

C. A new application to change the class of license shall not prohibit a licensee from operating under the terms and conditions of the old license, while its application for change in class is pending. Upon issuance of the new license, the licensee may continue the sale of the alcohol beverage inventory that was purchased under the old license, as long as the new license authorizes the sale of the same type of alcohol beverages. However, nothing herein shall authorize a licensee to sell a type of alcohol beverage unless specifically authorized to do so by the license it holds.

Regulation 47-301. Undue Concentration of Licenses.

A. For purposes of determining if the issuance of a new tavern or retail liquor store license would result in or add to an undue concentration of the same class of license and, as a result, require the use of additional law enforcement resources, the state or local licensing authority may consider factors, including, but not limited to:

1. Whether the ratio of the number of tavern or retail liquor store licenses within the county/s of the neighborhood to be served where application has been made to the county/s population exceeds the ratio of the statewide number of licenses of the same class to the state population;

2. Whether the ratio of the number of tavern or retail liquor store licenses within the census tract or census division in the neighborhood in which the applicant premises are located to the population of the census tract or division exceeds the ratio of number of licenses of the same class in the county or municipality to the population of the county or municipality where application has been made;

3. The distance between the applicant premises and the premises of other holders of the same class of license;

4. Published data concerning the concentration of tavern or retail liquor store licenses and its effect on the need for law enforcement resources; and

5. Testimony concerning the use of law enforcement resources by law enforcement officials with the responsibility for enforcing state or local law in the area in which the applicant premises are located.

B. For purposes of this regulation:

1. The number of tavern and retail liquor store licenses within a given area shall be as published by the state licensing authority;

2. The population shall be the estimate published by the most recent United states decennial or special census (for state, census tract, and census division data) or the most recent estimates published by the Department of Local Affairs (for county and municipal data).

3. "Neighborhood" shall be that area as required pursuant to 12-47-312(2)(a) C.R.S.

Regulation 47-302. Changing, Altering, or Modifying Licensed Premises.

A. After issuance of a license, the licensee shall make no physical change, alteration or modification of the licensed premises that materially or substantially alters the licensed premises or the usage of the licensed premises from the plans and specifications submitted at the time of obtaining the original license without application to, and the approval of, the local and state licensing authorities.

For purposes of this regulation, physical changes, alterations or modifications of the licensed premises, or in the usage of the premises requiring prior approval, shall include, but not be limited to, the following:

1. Any increase or decrease in the total size or capacity of the licensed premises.

2. The sealing off, creation of or relocation of a common entryway, doorway, passage or other such means of public ingress and/or egress, when such common entryway, doorway or passage alters or changes the sale or distribution of alcohol beverages within the licensed premises.

3. Any substantial or material enlargement of a bar, or relocation of a bar, or addition of a separate bar. However, the temporary addition of bars or service areas to accommodate seasonal operations shall not require prior approval unless the additional service areas are accompanied by an enlargement of the licensed premises.

4. Any material change in the interior of the premises that would affect the basic character of the premises or the physical structure that existed in the plan on file with the latest prior application. However, the following types of modifications will not require prior approval, even if a local building permit is required: painting and redecorating of premises; the installation or replacement of electric fixtures or equipment, plumbing, refrigeration, air conditioning or heating fixtures and equipment; the lowering of ceilings; the installation and replacement of floor coverings; the replacement of furniture and equipment; and any non structural remodeling of a fermented malt beverage licensee's premises where the remodel does not expand the existing area designed for the display or sale of fermented malt beverage products.

5. The destruction or demolition, and subsequent reconstruction, of a building that contained licensed premises shall require the filing of new building plans with the local licensing authority. However, reconstruction shall not require an application to modify the premises unless the proposed plan for the newly-constructed premises materially or substantially alters the licensed premises or the usage of the licensed premises from the plans and specifications submitted at the time of obtaining the original license.

6. Nothing herein shall prohibit a licensee, who is otherwise not eligible for an optional premises permit or optional premises license, from modifying its licensed premises to include in the licensed premises a public thoroughfare, if the following conditions are met:

    a. The licensee has been granted an easement for the public thoroughfare for the purpose of transporting alcohol beverages.

b. The public thoroughfare is authorized solely for pedestrian and non-motorized traffic.

c. The inclusion of the public thoroughfare is solely for the purpose of transporting alcohol beverages between licensed areas, and no sale or consumption will occur on or within the public thoroughfare.

d. Any other conditions as established by the local licensing authority.

B. In making its decision with respect to any proposed changes, alterations or modifications, the licensing authority must consider whether the premises, as changed, altered or modified, will meet all of the pertinent requirements of the Colorado Liquor or Beer Codes and related regulations. Factors to be taken into account by the licensing authority shall include, but not be limited to, the following:

1. The reasonable requirements of the neighborhood and the desires of the adult inhabitants.

2. The possession, by the licensee, of the changed premises by ownership, lease, rental or other arrangement.

3. Compliance with the applicable zoning laws of the municipality, city and county or county.

4. Compliance with the distance prohibition in regard to any public or parochial school or the principal campus of any college, university, or seminary.

5. The legislative declaration that the Colorado Liquor and Beer Codes are an exercise of the police powers of the state for the protection of the economic and social welfare and the health, peace, and morals of the people of this state.

C. If permission to change, alter or modify the licensed premises is denied, the licensing authority shall give notice in writing and shall state grounds upon which the application was denied. The licensee shall be entitled to a hearing on the denial if a request in writing is made to the licensing authority within fifteen days after the date of notice.

D. This regulation shall be applicable to the holder of a manufacturer's license as specifically defined in Section 12-47-402, C.R.S., only if the physical change, alteration, or modification involves any increase or decrease in the total size of the licensed premises or additional sales room location. Neither the state or local licensing authority shall impose any additional fees for the processing or review of an application for a modification of premises for the holder of a manufacturer’s license.

Regulation 47-303. License Renewal.

A. Only the license holder may exercise the privilege of license renewal. No one other than the license holder, or their duly-authorized representative, may file an application to renew the license with local and state licensing authorities.

B. A complete renewal application shall include evidence that the licensee remains in possession of the licensed premises, by ownership, lease, rental, or other arrangement at the time of application. Lease agreements that include a provision that a lease period may lapse within the new license year do not automatically disqualify the licensee from renewing, nor automatically invalidate the license. However, this provision does not preclude a licensing authority from initiating any action as provided by law to suspend or revoke a license for loss of possession of the licensed premises.

C. Application for the renewal of an existing license shall be made to the local licensing authority not less than forty-five (45) days prior to the date of expiration and to the state licensing authority not less than thirty (30) days prior to the date of expiration. The state or local licensing authority may waive these requirements for good cause. Once an

application for renewal has been filed with the local licensing authority, the licensee may continue to operate up and until final agency action, if final action by both authorities has not been completed before the date of license expiration.

D. No application for renewal of a license shall be accepted by the local licensing authority after the date of expiration; except that, a licensee whose license has not been expired for more than ninety (90) days may file a late renewal application upon the payment of a non-refundable late application fee to the local licensing authority. A licensee who files a late renewal application and pays the requisite fees may resume operation until both state and local licensing authorities have taken final action to approve or deny such licensee's late renewal application.

E. Nothing herein authorizes a licensee to purchase, sell, or serve alcohol beverages with an expired license after expiration, except as otherwise authorized in this regulation. Licensed privileges are not restored until the renewal application and requisite fees have been duly filed with the local licensing authority, in the case of a retail license, and with the state licensing authority for all others.

F. Any licensee whose license has been expired for more than ninety (90) days must apply for a new license pursuant to section 12-47-311, C.R.S. and shall not purchase or sell any alcohol beverage until all required licenses have been obtained, unless otherwise authorized under these regulations.

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

A. Corporations and Limited Liability Companies

1. If the applicant for any license under Articles 46 or Article 47 of Title 12 is a corporation or limited liability company, it shall submit with the application, the names, addresses, and individual history records of all of its principal officers, directors, or managers, and a copy of its articles of incorporation or articles of organization; and if a foreign entity, evidence of its qualification to do business within this state. In addition, each applicant shall submit the names, addresses, and individual history records of all persons owning 10% or more of the outstanding or issued capital stock, or persons holding a 10% or more membership interest.

2. Any transfer of capital stock or any change in principal officers or directors of any corporation holding a license under the provisions of the Colorado Liquor or Beer Code and which is not subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended, shall be reported to the respective licensing authorities within thirty (30) days after such transfer or change. With the report, the licensee shall submit the names, addresses, and individual history records for any new officer, director, or stockholder acquiring 10% or more outstanding capital stock, as well as the corporate minutes verifying the transactions. Licensees that are subject to the Securities and Exchange Act of 1934, as amended, shall be required to do the same, except that they shall not be required to report any single transfer of outstanding capital stock of less than 10%.

3. Any transfer of membership interest or any change in managers of any limited liability company holding a license shall be reported to the respective licensing authorities within thirty (30) days after such transfer or change. With the report, the licensee shall submit the names, addresses, and individual history records for any new manager, or member acquiring 10% or more membership interest.

B. Partnerships

1. If the applicant for any license under articles 46 or 47 of title 12 is a general partnership, limited partnership, limited liability partnership, or limited liability limited partnership it shall submit with the application, the names, addresses, and individual history records of all of its general or managing partners, and a copy of its partnership agreement; and, if a foreign entity, evidence of its qualification to do business within this state. In

addition, each applicant shall submit the names, addresses, and individual history records of any other partner holding a 10% or more partnership interest.

2. Any transfer of partnership interest or any change in general or managing partners of any partnership holding a license shall be reported to the respective licensing authorities within thirty (30) days after such transfer or change. With the report, the licensee shall submit the names, addresses, and individual history records for any new general or managing partner, or any other partner acquiring 10% or more partnership interest.

C. Entity Conversions

1. Any licensee that qualifies for an entity conversion pursuant to section 7-90-201, C.R.S., et. seq., or similar law enacted by other states, shall not be required to file a transfer of ownership application pursuant to section 12-47-303, C.R.S. upon statutory conversion, but shall submit a report containing suitable evidence of conversion within thirty (30) days of such conversion. Such evidence shall include, but not be limited to, recognition of conversion by the Colorado Secretary of State. In addition, within thirty (30) days of the conversion, the licensee shall submit the names, addresses, and individual history records of any new officers, directors, managers, general or managing partners, and all persons having an ownership interest of 10% or more.

D. All reports required by this regulation shall be made on forms supplied by the Department of Revenue, Liquor Enforcement Division.

E. For all applicants for the issuance of a license by reason of a transfer of possession of the licensed premises by operation of law (bankruptcy, receivership, foreclosure, eviction, etc.) the licensing authorities shall consider only the requirements of C.R.S. 12-47-307. The loss of possession of the licensed premises by the licensee does not in itself automatically invalidate, cancel or terminate the underlying license. An applicant who otherwise comes into possession of the licensed premises by operation of law, may apply for a transfer of the underlying license as provided by law pursuant to C.R.S. 12-47-303. However, this provision does not prohibit a licensing authority from initiating any action as provided by law to suspend or revoke a license for loss of possession of the licensed premises.

F. No application for a transfer of ownership may be received or acted upon by either the state or local licensing authority if the previous licensee has surrendered its license and had it canceled by either authority prior to submission of the transfer application. In cases where cancellation has occurred prior to the submission of a transfer of ownership application, the license applicant shall follow the procedures for a new license application pursuant to 12-47-311 C.R.S.

Regulation 47-306. Change of Trade Name.

No licensee shall change the name or trade name of the licensed premises without submitting written notice to the local and state licensing authorities, not less than ten days prior to the change of name.

Regulation 47-307. Master Files.

A. Any person or entity seeking the issuance of a state master file pursuant to section 12-47-304(1)(b), C.R.S. shall have an interest in a minimum of five (5) state licenses issued, or five (5) license applications filed within a year of the master file application, pursuant to articles 46 and/or 47 of title 12, C.R.S.

B. An applicant for master file can meet the minimum requirements of this regulation by having an interest in separate licensed entities, as long as there are a minimum of five (5) total licenses issued and/or applications pending.

C. To maintain a state master file, once approved and established, the licensee shall comply with section 12-47-

301(7), C.R.S. and Regulation 47-304 as it relates to the timely disclosure of any change in structure. Repeated failure to comply with timely advisement to the state licensing authority shall be grounds for the state licensing authority to suspend or revoke a licensee's master file privileges.

D. Licensees that originally qualified for a state master file, but who subsequently fall below the required five-license minimum due to business closures may maintain their master file and continue to renew the remaining licenses as master file licensees.

E. No local licensing authority shall require applicants with an approved master file to file additional fingerprints or background investigation forms. Nothing in this section shall prohibit a local licensing authority from conducting its own investigation, or from verifying any of the information provided by the applicant, or from denying the application of the applicant pursuant to the provisions set forth in section 12-47-307, C.R.S.

Regulation 47-308. REPEALED.

Regulation 47-309. Sports and Entertainment Venues.

A. This regulation shall apply to licensees at facilities owned by a municipality, county, or special district, or at publicly or privately owned sports and entertainment venue with a minimum seating capacity of one thousand five hundred (1,500) seats.

B. Licensees authorized to sell alcohol beverages in these venues may sell or provide alcohol beverages in sealed containers to adult occupants of areas within the licensed premises that have limited public access.

C. Licensees are otherwise responsible for any violations of the Colorado Liquor Code within such limited public access areas and shall not prevent inspection of the premises by any law enforcement official.

D. The licensee shall not allow any person to bring alcohol beverages onto the licensed premises that were not purchased from the licensee, or allow any person to leave the licensed premises with a container of alcohol beverage that was purchased from the licensee.

Regulation 47-310. Application - General Provisions.

A. All applications for state licenses for the manufacture or sale of alcohol beverages shall be made upon forms prescribed by the Department of Revenue, Liquor Enforcement Division. No application will be considered which is not complete in every material detail, nor which is not accompanied by a remittance in full for the whole amount of the annual state license fee, and eighty five percent of the local license fee. Each application for a new retail license shall contain a report of the local licensing authority of the town, city, county, or city and county, in which the applicant proposes to conduct its business, which report shall show the opinion of the local licensing authority concerning the reasonable requirements of the neighborhood and the desires of the adult inhabitants with respect to the issuance of the license applied for and the character of a new applicant.

B. If the applicant for a license is a partnership, except as between a husband and wife, it shall submit with the application a certificate of co-partnership.

C. Upon request of any licensing authority, each applicant for license shall provide suitable additional evidence of its citizenship, residence, and good character and reputation, and also of the reasonable requirements of the neighborhood and the desires of the adult inhabitants. Applicants and licensees shall also submit upon request of any licensing authority all required information concerning financial and management associations and interests of other persons in the business, and the deed, lease, contract, or other document governing the terms and conditions of occupancy of the premises licensed or proposed to be licensed.

D. All information submitted to any licensing authority, by application for license or otherwise, shall be given fully, faithfully, truthfully and fairly.

E. When a licensing authority is required to make a determination as to the character, record and reputation of existing licensees or applicants for new licenses, including transfers of ownership of existing licenses, the authority may consider the following factors, which may include but not be limited to the following:

1. Subject to 24-5-101, C.R.S., the applicant or licensee has knowingly submitted false applications, made willful misrepresentations and/or knowingly committed fraudulent acts;

2. The applicant or licensee has a criminal history of crimes of moral turpitude. By way of example, crimes of moral turpitude shall include but not be limited to, murder, burglary, robbery, arson, kidnapping, sexual assault, illegal drugs or narcotics convictions;

3. The applicant or licensee has had previous alcohol beverage licenses denied or revoked as a result of violations of law, resulting in a finding of bad moral character by any licensing authority;

4. The applicant or licensee has been found to be currently delinquent in the payment of any state or local taxes, and record of such tax delinquency has been filed in a court having jurisdiction, or has been made a public record by some other lawful means;

5. The applicant or licensee has an established pattern of multiple statutory violations which resulted in the revocation or denial of any other professional license, leading to the finding of bad moral character by any licensing authority.

F. Pursuant to 24-5-101, C.R.S., when making a determination as to the character, record or reputation of a licensee or applicant as required by title 12, articles 46, 47 and 48, the licensing authority shall also consider evidence of rehabilitation. Such evidence may include, but not be limited to, evidence of no criminal history record information, educational achievements, financial solvency, community standing, lack of additional arrests or convictions, or the lack of parole or probation violations since the date of last conviction.

G. When considering whether the applicant for a special event permit is of good moral character and record, the state or local licensing authority shall determine, at a minimum, whether the applicant failed to conduct past special events in compliance with applicable liquor laws. Officers of the organization or of a political candidate making application shall not be required to submit individual history applications and fingerprint cards unless the state or local licensing authority determines that such information is necessary to establish the good moral character of the applicant.

Regulation 47-312. Change of Location.

A. When a licensee for the manufacture or sale of alcohol beverages desires to change the location of its licensed premises from that named in an existing license, it shall make application to the applicable licensing authorities for permission to change location to the place where such license is to be exercised, except that an application for change of location shall not be required for the demolition and reconstruction of the building in which the original licensed premises was located.

B. Applications to change location shall be made upon forms prepared by the state licensing authority and shall be complete in every detail. Each such application shall state the reason for such change, and in case of a retail license, shall be supported by evidence that the proposed change will not conflict with the desires of the adult inhabitants and the reasonable requirements of the neighborhood in the vicinity of the new location. An application

to change the location of a retail license shall contain a report of the local licensing authority of the town, city, county, or city and county in which the license is to be exercised. Such report shall describe the findings of the local licensing authority concerning the reasonable requirements of the neighborhood and the desires of the adult inhabitants with respect to the new location, except that in the change of location for a club license, the needs of the neighborhood need not be considered. When a licensee is required by lease, lease renewal, condemnation, or reconstruction to move its licensed premises to a new address that is located within the same shopping center, campus, fairground, or similar retail center, the local or state licensing authority may, at its discretion, waive the neighborhood needs and desires assessment requirements should it determine that the new location remains within the same neighborhood as the old location.

C. For retail licenses, no change of location shall be permitted until the state licensing authority has, after approval of the local licensing authority, considered the application and such additional information as they may require, and approved of such change. The licensee shall, within sixty (60) days of approval, change the location of its licensed premises to the place specified therein. Once at the new location, the licensee shall no longer conduct the manufacture or sale of alcohol beverages at the former location. A local licensing authority may, at its discretion, extend the time to change the location of the licensed premises, for good cause shown. However, no extension that is beyond twelve (12) months from the original date of approval shall be granted.

D. For those licensees not subject to approval by the local licensing authority, no change of location shall be permitted until the state licensing authority has considered the application and such additional information as it may require, and approved of such change. The licensee shall, within sixty (60) days of approval, change the location of its licensed premises to the place specified therein. Once at the new location, the licensee shall no longer conduct the manufacture or sale of alcohol beverages at the former location. The state licensing authority may, at its discretion, extend the time to change the location, for good cause shown. However, no extension that is beyond twelve months from the original date of approval shall be granted.

E. For retail licenses no change of location shall be allowed except to another location within the same city, town, county, or city and county in which the license as originally issued was to be exercised.

F. Upon application for change of location, public notice shall be required by the local licensing authority in accordance with Section 12-47-311, C.R.S.

G. Prohibited Area.

A licensee located within 500 feet from any public or parochial school or principal campus of any college, university or seminary may apply for a change of location within the same prohibited area in accordance with the requirements of Section 12-47-301(9), C.R.S., but may not apply for a change of location within any other prohibited area as defined within Section 12-47-313, C.R.S.

Regulation 47-314. Limited Liability Company.

A. A Limited Liability Company may conduct any business that a partnership with limited partners may lawfully conduct and may not conduct any business that is prohibited by law to such partnership. Such limited liability company shall be in full conformity with 7 80-101, C.R.S.

B. Each Limited Liability Company licensed pursuant to this Article or Article 46, of Title 12, shall report changes of any of its managers within 30 days from the date of the change, and shall submit said information to the respective local or state licensing authorities on forms approved by the Department of Revenue, Liquor Enforcement Division. A report shall also be required for changes of any member having a 10% or more interest in the licensee.

Regulation 47-316. Advertising Practices

A. Consumer Advertising Specialties

1. "Consumer advertising specialties" shall mean those items designed to advertise or promote a specific alcohol beverage brand or supplier, that have a utilitarian function to the consumer in addition to product promotion and that are intended and designed to be carried away by the consumer. Consumer advertising specialties shall include: t-shirts, caps, visors, bottle or can openers, cork screws, printed recipes, pencils, pens, pins, buttons, matches, computer flash and jump drives (not to exceed 8 GB), computer mouse pads, shopping bags, key chains, paper or plastic cups and plates, and similar items of negligible value, as approved by the Liquor Enforcement Division. For purposes of this regulation, glassware and plates do not qualify as consumer advertising specialties.

2. Suppliers may provide consumer advertising specialties free of charge to a licensed retailer, so long as they contain an advertising message that promotes the supplier or their products, and do not contain any information, markings, or logos that are specific to a retailer.

3. Consumer advertising specialties that contain any information, markings, or logos specific to a licensed retailer may not be provided free of charge, but must be purchased by a retailer at a minimum of the supplier's cost.

4. Suppliers must have available for inspection those customary business records that verify these transactions, in accordance with 12-47-701, C.R.S., and for the time frame specified in Regulation 47-700.

B. Point-of-Sale Advertising

1. "Point-of-sale advertising" shall mean alcohol beverage brand-specific or supplier-specific promotional materials, within a retailer's licensed premises. Such items may also include a retailer's name and address.

2. Suppliers may provide the following point-of-sale advertising materials to licensed retailers free of charge for use within retail premises: display decorations of negligible value, table tents, table tent holders, sports schedules and brackets, case cards, serving trays, condiment trays, bar utensil caddies, stir rods, strainers, presses, check and credit card holders, shakers, pitchers, table mats, bar mats, alcohol beverage lists or menus, menu cards, menu holders, calendars, napkins, napkin holders, coasters, stir sticks, and similar items of negligible value, as approved by the Liquor Enforcement Division.

3. A supplier may advertise, within retail premises, alcohol beverage products, consumer mail-in rebate offers, consumer giveaways, sweepstakes, contests, and cross promotions with non-alcohol beverage products. Suppliers may also provide contest and sweepstakes information and consumer entry forms.

4. Supplier Rebates for Consumers and Supplier Coupons

   Supplier rebates and coupons, as contemplated in this regulation, are a permitted method of alcohol beverage product promotion if they are intended to reach the consumer through permitted advertising practices, and to provide the consumer with a direct financial benefit through the redemption process. Rebates and coupons may not be used as a means of financial assistance to licensed retailers or as a means to influence or control a retailer's product selection.

   a. A supplier's "consumer rebate" provides a consumer with cash back after the consumer has purchased a supplier's product and has provided proof of product purchase upon redemption.

      i. A supplier may provide consumer rebate certificates to consumers through point-of-sale advertising

(such as tear pads, shelf talkers, case cards, or other point-of-sales materials), package inserts, or other printed or electronic media.

ii. A supplier's consumer rebate certificate may not be redeemed through a licensed retailer.

b. A supplier's "instant redeemable coupon" provides a consumer with a discount off of the retailer's selling price of an alcohol beverage product, at the time it is redeemed through a licensed retailer.

i. Licensed retailers may redeem suppliers' instant redeemable coupons only after they have been made available to consumers through general print or electronic media directed at the consumer; package inserts; or, a supplier's representative or agent, who is not the retailer or their agent, who is providing coupons to consumers at the retail premises for the purpose of product promotion.

ii. Licensed retailers are prohibited from accepting and redeeming any supplier-issued instant redeemable coupons unless redemption included presentation of the coupon by a consumer with the purchase of the product advertised therein, or in accordance with other applicable redemption rules specified by the supplier or their marketing agents.

iii. Suppliers are prohibited from providing their instant redeemable coupons directly to licensed retailers, except when said coupons are packaged with, or attached to, each individual product package before such products are delivered to a licensed retailer.

iv. Suppliers may never reimburse licensed retailers for suppliers' instant redeemable coupons. Redemption must be through a third party that is independent from the supplier and the retailer.

v. Retailers must have available for inspection, applicable business and banking records that verify these transactions, in accordance with 12-47-701, C.R.S., and for the time frame specified in Regulation 47-700. Verification may include the retailer's reconciliation of coupons redeemed to related products sold to consumers.

C. Media Advertising

1. Except as provided in Regulations 47-322(B) and 47-322(C) for on-site sales promotions and Sponsored Events, no supplier shall directly or indirectly furnish or pay for any advertising for or with respect to any one or more retail licensee by means of a radio or television broadcast, magazines, newspapers, pamphlets, or similar media, or by means of any sign not located on or in the licensed premises of the retailer which is advertised.

2. Except as provided in Regulations 47-322(B) and 47-322(C) for on-site sales promotions and Sponsored Events, suppliers that purchase radio or television advertising packages from third party advertising agencies:

a. May not authorize the advertising agency to apply any value attributable to the supplier's advertising package toward the advertising or promotion of any licensed retailer or their location.

b. May not authorize the advertising agency to combine supplier-purchased advertising packages with those purchased by licensed retailers, for the purpose and benefit of cooperative advertising.

3. For purposes of this paragraph C, a supplier's internet websites and electronic advertising messages delivered directly to consumers' private electronic devices, shall not be construed as "similar media."

4. Closed-circuit television advertising networks, or similar advertising networks, that deliver advertising messages to consumers are permitted in retail licensed premises with the following conditions:

a. A supplier may not provide a licensed retailer with any electronic equipment necessary to deliver network advertising.

b. A licensed retailer may not receive revenues, directly or indirectly, from licensed suppliers who advertise on the network. Revenue from non-alcohol beverage suppliers who advertise on the same network, which can be clearly distinguished by the network advertiser from supplier revenues, are permitted provided that the retailer can document that the source of the revenue is not a licensed supplier.

c. The advertising network and all related advertising receipts and distributions must be controlled by third party entities who are not licensed pursuant to article 46 or 47 of title 12, and who are wholly independent, in both form and substance, of any licensed supplier or retailer.

D. Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 48 of title 12, and related regulations, and such organization does not otherwise hold a retail license pursuant to articles 46 or 47 of title 12. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.

E. Except as otherwise provided for in this regulation, no supplier shall directly or indirectly pay to any retailer, and no retailer shall accept, any value or consideration in connection with or for the right or privilege of posting or maintaining any advertising message, on or in, or relating to a retailer's licensed premises

Regulation 47-318. Owner-Manager.

A. Each license under the Colorado Liquor or Beer Codes must be held by the owner of the establishment, which is licensed. "Owner" means the person or persons whose proprietary interest is such that they bear risk of loss other than as an insurer, and have opportunity to gain profit from operation or sale of the establishment.

In determining who is the "owner", elements considered beside risk of loss and opportunity for profit will include: Possession, who controls the licensee, who guarantees its debts, who is beneficiary under its insurance policies, who acknowledges liability for federal, state or local taxes.

B. Owners may hire managers, and managers may be compensated on the basis of profits made, gross or net. A license may not be held in the name of the manager.

C. A spouse of a licensee may hold a license in their own right if they are the owner of the licensed establishment, regardless of whether they file separate or joint income tax returns.

D. A partnership interest, limited or general, a joint venture interest, or ownership of a share or shares in a corporation which is licensed, constitutes ownership.

Regulation 47-320. Signs and Interior Displays.

A. For purposes of this regulation, "signs" shall mean any visual message intended for the consumer that is located within, or on the exterior of, licensed premises for the purpose of displaying advertising messages or other information related to alcohol beverage suppliers or their products.

B. A supplier's signs, illuminated or otherwise, that may be provided free of charge to a licensed retailer, shall be composed of any standard, pre-manufactured material such as paper, plastic, glass (including mirrored glass), cloth, metal, or programmable electronic components, and shall have no other utilitarian value.

C. The term "displays within such premises," hereinafter referred to as "interior displays," shall mean all non-refrigerated racks, bins, barrels, casks, shelving, or similar items, the primary function of which is to hold, shelve, or display alcohol beverages within retail premises.

D. A supplier's standard interior display that may be provided free of charge to a licensed retailer, shall have no other utilitarian value other than that of being purely for display purposes. Any interior display containing any property other than that authorized in paragraph C above, may not be given or loaned to a licensed retailer, but must be sold at a price not less than the supplier's actual cost.

E. Advertising statements on signs and interior displays that are permitted to be provided free of charge to a retailer, shall primarily consist of a supplier's name, brand name, trade name, or trademarks; words or phrases, such as "on tap," "on draft," "in bottles," "in cans," "beverages," "beverage department," "ice cold," "take home," and similar copy; and words or phrases such as "delicious with (specifically named food or food products or food generally)" and similar statements relating alcohol beverages to food and constituting a part of the supplier's standard advertising. Permitted language may also include a retailer's name and address, the retailer- established selling price of alcohol beverages, and retailer-specific promotional announcements, provided that the sign or interior display, in its totality, primarily advertise the supplier or its products.

F. No supplier shall directly or indirectly pay to any retailer, and no retailer shall accept, any value or consideration in connection with, or for the right or privilege of, installing or maintaining any sign or interior display on, or in, or relating to, a retailer's licensed premises.

G. Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 48 of title 12, and related regulations, and such organization does not otherwise hold a retail license pursuant to articles 46 or 47 of title 12. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.

Regulation 47-322. Unfair Trade Practices and Competition

Definitions: For purposes of this regulation:

"Supplier" means a Colorado-licensed wholesaler, manufacturer, limited winery, importer, non-resident manufacturer, brewpub, or vintner's restaurant.

"Retailer" means those persons licensed pursuant to sections 12-47-401(h) – (t) and 12-46-104(c), C.R.S. to sell alcohol beverages to the end consumer.

"Wholesaler" means those entities authorized to sell alcohol beverages at wholesale to licensed retailers, including wholesalers of malt liquors and fermented malt beverages, wholesalers of vinous and spirituous liquors, limited wineries, brewpubs, and vintner's restaurants.

Suppliers and their agents or employees may not attempt to control a retail licensee's product purchase selection by engaging in unfair trade practices or competition.

Nothing in this regulation shall apply to non-profit, charitable, or other qualifying organizations, when such organization conducts licensed events pursuant to the requirements contained in article 48 of title 12 and related regulations, and such organization does not otherwise hold a retail license pursuant to article 46 or 47 of title 12. However, nothing herein shall authorize any financial assistance for the purpose of altering or influencing an organization's product selection for said events.

Retailers may not accept any prohibited financial assistance as described herein, and suppliers are prohibited from directly or indirectly engaging in the following unfair practices:

A. Sales of alcohol beverages.

1. No vinous or spirituous liquor may be sold by a vinous or spirituous liquor manufacturer or wholesaler to a retail licensee below the laid-in cost of said vinous and spirituous liquor products.

2. No malt liquors or fermented malt beverages may be sold by a malt liquor/beverage manufacturer or wholesaler to a retail licensee below the laid-in cost of said malt liquor/beverage products.

3. Product cost per case will be determined utilizing a "Last In/First Out" basis unless a supplier has adequate records to verify that the actual cost of said products was less than the most recent shipment received.

4. A wholesaler's laid-in cost is defined as the actual proportionate invoice price and freight charge to that wholesaler or distributor, plus applicable state and federal taxes of any given product. An in-state manufacturer's laid-in cost is defined as the actual costs of the manufacturer, plus applicable state and federal taxes.

5. Certain sales of alcohol beverages below cost are not designed or intended to influence or control a retailer's product selection. The following exceptions to below cost product sales are therefore permitted:

   a. Product lines that will be discontinued by a supplier for a minimum of at least one year may be sold below cost at market value.

   b. A wholesaler's aged inventory of vinous and spirituous liquors for which the current market value has fallen substantially below the wholesaler's original purchase cost, after a period of twelve (12) months, and for which a recovery of the original cost through an increase in market value is unlikely. For aged inventories sold to retailers below their cost due to market-below-cost conditions, wholesaler's shall maintain the following records for a minimum of three years:

      i. Original purchase invoice.

      ii. Aged inventory schedule verifying slow sales and drop in market value.

      iii. Other factors that had an effect on a decrease in market value (e.g. over-production, poor media critique).

   c. Products for use, but not for resale by the drink, by a non-profit organization or similar group, on a retailer's licensed premises, may be invoiced to a retailer at no cost. The invoice for said products must detail the products provided and the group for whose benefit it is provided. At the conclusion of the organization's event any unused product must be returned to the manufacturer, wholesaler, brewpub, or vintner's restaurant, or invoiced at a minimum of cost to the retailer.

6. Suppliers authorized to sell alcohol beverages to licensed retailers pursuant to articles 46 or 47 of title 12, may offer product discounts to licensed retailers that meet the requirements of paragraph A, and the following additional conditions:

   a. "Product Discount" shall mean a price reduction negotiated between supplier and retailer before the sale and delivery of alcohol beverage products, and where a description of the products subject to discount,

and the dollar amount of the discount, is finalized and recorded in the supplier's sales records.

b. Discount programs are not subject to time limitations, and any discount program that will affect more than a single sales transaction and sales invoice are permitted, provided that no invoice, by itself, reflects a zero cost or below-cost sale.

c. Product discounts that are conditioned upon a retailer's commitment to prominently display the supplier's products are prohibited.

7. Any rebate, whereby a monetary value is returned by a supplier to a retailer, in cash, account credit, or free goods, as a reward or compensation for meeting a pre-specified purchase goal, is prohibited.

8. Suppliers authorized to sell alcohol beverages to licensed retailers pursuant to articles 46 or 47 of title 12, may offer account credits to licensed retailers under the following conditions:

a. Any account credit offered on previously issued sales invoices must be in direct relation to previous product purchases, lawful returns pursuant to this regulation or other legitimate commercial transactions as authorized under articles 46 or 47 of title 12, C.R.S. and related regulations.

b. Credits that cannot be connected with authorized business transactions, as described herein, will be considered unlawful financial assistance, and are therefore prohibited.

c. Both the seller and retail licensee shall maintain copies of sales invoices and evidence of payment related to the transactions described in this section, in accordance with 12-47-701, C.R.S., and for the time frame specified in Regulation 47-700.

B. On-site sales promotions

1. Suppliers may conduct an on-site product sales promotion at a retailer's licensed premises subject to the following conditions:

a. Free goods of any value may be provided to the public, provided that a supplier's representative or authorized agent, who is not the retailer or a retail employee/agent, is physically present to award free goods to the public.

b. If only consumer advertising specialties, as described in Regulation 47-316(A), are to be provided at the promotion, neither suppliers or their agents need be present for their distribution.

c. Suppliers are prohibited from providing anything other than the items specified in Regulation 47-316(A) to retailers or their employees at on-site product sales promotions.

d. Suppliers may provide or pay for any media announcement of an on-site product sales promotion that primarily advertises the product, the location, and the date and time of the promotion. The name of the retail outlet may also be mentioned.

e. Retailers may at their own cost advertise in advance a supplier's product sales promotion.

f. No supplier may require that a retailer change its product selection as a condition of conducting a product sales promotion. Retailers may at their option change their product selection in support of a product sales promotion.

g. Competitors' products may not be excluded during a product sales promotion.

2. Supplier-sponsored consumer sampling of alcohol beverages that is held in establishments licensed for on-premises consumption for the purpose of product sales promotion, are permitted under the following conditions:

a. Product used for sampling must be invoiced by a supplier, who is authorized to sell alcohol beverages to licensed retailers pursuant to article 46 or 47 of title 12, as if sold to the retailer.

b. A retailer may not impose any charge to the consumer to enter or participate in the sampling.

c. If all product listed in the sales invoice is consumed as permitted herein, the supplier may issue the retailer a credit against the entire amount of the original invoice.

d. Any remaining product must be returned to the wholesaler, or sold to the retailer at a minimum of the seller's cost.

e. Supplier representatives or their authorized agents may provide alcohol beverage samples directly to the consumer, if the product has been delivered to the retail premises pursuant to the conditions described herein, and the retailer has so consented.

f. Suppliers may provide or pay for any media announcement of a supplier-sponsored consumer sampling that primarily advertises the product, the location, and the date and time of the sampling. The name of the retail outlet may also be mentioned.

C. Sponsored events: Lawful Advertising

1. Suppliers may provide sponsorship fees to advertise at charitable or civic events that are temporary in nature, where the supplier's sponsorship fee affords the supplier exclusive signage rights at the retail premises, and where sponsorship proceeds are received directly by the charity or civic endeavor, and not by a licensed retailer.

2. Suppliers may provide a sponsorship fee to advertise in ballparks, resorts, racetracks, stadiums, concert venues or entertainment districts as long as such sponsorship fee is not paid to a person or entity holding a retail license at such venue, directly or indirectly, and is not intended to influence the product selection of such retailer. The retailer's product selection for the event may not change as a condition of the event sponsorship and the products of the supplier's competitors may not be excluded.

3. Suppliers may provide or pay for any media announcement of a sponsored event that primarily advertises the product, the location, and the date and time of the event. The name of the retail outlet may also be mentioned.

4. Suppliers providing sponsorship fees to advertise at the aforementioned venues may also provide those items and services authorized under regulations 47-316, 47-320, and 47-322 to the licensed retailers at, or in conjunction with, the sponsored event.

D. Retailer entertainment

Suppliers may provide food, beverages, entertainment, recreation, or the costs associated with the same, to a retailer and its employees at meetings, social events, conferences, trainings, or other similar events, subject to the following:

1. Food, beverages, entertainment, or recreation are provided when, and where, suppliers or supplier

representatives are participating or present.

2. Entertainment may include tickets or admission fees for athletic or sporting events, concerts, artistic performances, festivals, and similar forms of entertainment.

3. Recreation may include fees associated with participation in athletic or sports-related activities.

4. For any supplier-provided retailer entertainment, the supplier is prohibited from providing the costs associated with lodging and travel, other than nominal ground transportation.

5. Suppliers must maintain records sufficient to verify those entertainment expenses associated with retailers and their employees. Failure to maintain such records shall not be a per se violation of this regulation, but could constitute a violation of section 12-47-701, C.R.S. or Regulation 47-700.

E. Alcohol Beverage Samples for Retailers

1. Wholesalers, or those licensed to sell at wholesale pursuant to article 46 and 47 of title 12, may furnish or give a limited amount of alcohol beverage samples to retailers licensed solely for on-premises under the following conditions:

   a. The retailer's class of liquor license permits the sale of the type of beverage offered as a sample.

   b. The providing of samples is not conditioned upon future purchases of alcohol beverages, or as compensation for any previous alcohol beverage purchase.

   c. The retailer has not purchased the product SKU of the alcohol beverage offered as a sample within the previous six (6) months.

   d. The wholesaler provides not more than 3.0 liters per brand of spirituous liquor, not more than 3.0 liters per brand of vinous liquor, and not more than one six-pack, or 72-ounce equivalent, per brand of malt liquor or fermented malt beverage so packaged. If a particular brand is not available in a size meeting the quantity limitations stated herein, a wholesaler may furnish the next available larger size.

   e. Only the retailer and its employees are authorized to taste or test those alcohol beverages given as samples, as provided herein. Nothing shall authorize a retailer to sell any samples provided or to use such the same for consumer tastings.

2. Wholesalers, or those licensed to sell at wholesale pursuant to article 46 and 47 of title 12, may furnish or give a limited amount of alcohol beverage samples to retailers licensed solely for off-premises under the following conditions:

   a. The retailer's class of liquor license permits the sale of the type of beverage offered as a sample.
   b. The providing of samples is not conditioned upon future purchases of alcohol beverages, or as compensation for any previous alcohol beverage purchase.
   c. The wholesaler provides not more than 3.0 liters per brand of spirituous liquor, not more than 3.0 liters per brand of vinous liquor, and not more than one six-pack per brand of malt liquor or fermented malt beverage so packaged. If a particular brand is not available in a size meeting the quantity limitations stated herein, a wholesaler may furnish the next available larger size.

   d. The wholesaler is present at the time of consumption and maintains sole possession of the container after sampling. Samples, in the quantities described herein, may be left in the retailer's possession if the

container seal is left intact.

F. Consignment Sales and Lawful Product Returns

1. Wholesalers are prohibited from making consignment sales to retailers.

2. A consignment sale is an arrangement whereby a wholesaler invoices and delivers alcohol beverages to a retailer who is under no obligation to pay for such beverages until they are resold. Consignment sales also afford the retailer the right to return product to the wholesaler for any reason.

3. Wholesalers are permitted to accept a return of alcohol beverages previously sold to retailers for ordinary and usual commercial reasons and to provide account credit or product exchange. Such commercial reasons for return shall be limited to the following:

   a. Defective products: Products qualifying under this exception are those that are upon delivery, or later become, unmarketable due to contamination or deterioration of product ingredients, leaking containers, damaged labels, or missing, damaged or compromised container seals.

   b. Broken containers or short-filled containers/cases: Nothing shall prevent a retailer from making a claim for the replacement of alcohol beverages that were delivered by a wholesaler in a damaged or incomplete condition, and nothing shall prevent a wholesaler from granting credible claims.

   c. Error in products delivered: Any discrepancy between a retailer's product order and the products delivered may be corrected by the wholesaler within a reasonable period after delivery.

   d. Discontinued products: When a manufacturer or importer discontinues the production, importation, or market availability of a product, a retailer may return any remaining product to the original wholesaler. A retailer's decision to discontinue a product does not qualify.

   e. Manufacturer's product change: When a manufacturer has changed the formula, proof, label or container of an alcohol beverage, wholesalers may withdraw the product from the retailer's inventory and replace it with the newly-manufactured product.

   f. Manufacturer's quality standards: To ensure freshness standards for malt liquor and fermented malt beverages, wholesalers may withdraw product from the retailer's inventory and replace it with new product, without additional charge, under the following conditions:

      i. The product to be withdrawn is undamaged and in its original packaging.

      ii. The retailer purchased the original product from the wholesaler providing the replacement, or the current wholesaler is acting as an authorized successor wholesaler.

      iii. The wholesaler replaces the product with the identical product SKU, the identical quantity, and the identical package.

      iv. If the wholesaler can substantiate that repeated replacement of the identical type and brand is ineffective (e.g. the wholesaler has replaced the same product at least twice), the wholesaler may instead substitute a product from the same brand family that is equal in value to the original purchase.

   g. Retailer's seasonal operation: For those retailers who are only open for business a portion of the year due solely to seasonal influences, or for venues that operate only during scheduled events, a wholesaler may remove and grant credit for those products that are likely to spoil or violate a manufacturer's freshness standards.

h. Wholesalers that have lawfully exercised their claim to a retailer's inventory as secured creditors.

i. Products in a retailer's inventory that may no longer be sold due to statutory or regulatory changes or disciplinary actions over which the wholesaler and retailer had no control.

j. Evidence of a lawful surrender and cancellation of a retail liquor license by the state licensing authority.

k. Holders of special events permits that have unsold alcohol beverages after the licensed event.

4. A return of product for the following reasons does not qualify as a return for ordinary and usual commercial reasons:

a. A retailer's overstocked inventory or slow-moving products.

b. Products for which there is only a limited-time or seasonal demand, such as holiday decanters or seasonal brands.

G. Warehousing of products for a retailer

Wholesalers shall not furnish free warehousing to retailers by delaying delivery of alcohol beverages beyond the time that payment for the product is received or, if a retailer is purchasing on credit, delaying final delivery of products beyond the close of the period of time for which credit is lawfully extended pursuant to 12-47-202(2)(b), C.R.S.

H. Product resets

Resets by a supplier are permitted, but a competitor's alcohol beverage products may not be disturbed during the reset process, unless the in-state seller of the competing products has been given 72 hours written notice, during normal and customary business hours, and is not present at the time designated for the reset activity. Suppliers may furnish a retailer with a recommended shelf plan or shelf schematic.

I. Equipment rentals

All equipment rentals by a supplier to a retailer must be at fair market value.

J. Other goods

Suppliers may not provide a retailer with any other goods below a supplier's cost except those items expressly permitted by articles 46, 47, or 48 of title 12, C.R.S, and related regulations.

When a supplier also deals in items of commerce that are not regulated by articles 46, 47. or 48 of title 12, only the following restrictions shall apply:

1. The unregulated item(s) may not be on the same invoice as the alcohol beverages sold.

2. The unregulated item(s) may not be provided as an inducement, or require purchase of alcohol beverages.

3. Any equipment or other goods provided free of charge (e.g. energy drink refrigerated coolers) shall not be provided in conjunction with alcohol sales or promotions.

K. Indirect financial assistance through third party arrangements

1. A supplier's furnishing of any equipment, supplies, services, money, or other things of value to a third party that is not licensed pursuant to article 46 or 47 of title 12, C.R.S. where the benefits resulting from such things of value flow to individual licensed retailers through written agreements or otherwise, is prohibited.

2. A supplier will not be in violation of this regulation when the unlicensed third party provides the prohibited item or service to a retailer without the supplier's knowledge, and the supplier could not have reasonably foreseen that the item or service would flow to a retailer.

3. Retailers that collude with unlicensed third parties to obtain prohibited financial assistance through a third party arrangement between a third party and a licensed supplier shall be in violation of this regulation.

4. It shall not be a violation for a supplier to furnish items or services to a retailer that are otherwise specifically authorized by regulation or any provision within articles 46 or 47 of title 12, C.R.S.

L. Value of labor

1. Suppliers may provide labor at no cost as it relates to product delivery, price stamping, rotation and stocking. The cleaning of beverage dispensing equipment and supplier-provided displays may also be provided at no cost.

2. Suppliers may, upon retail premises, organize, construct, and maintain displays of those alcohol beverages that they sell. Such supplier-constructed displays shall be accessible by the consumer.

3. Cost of labor provided to a retailer for services such as the installation of a dispensing system shall be at least at a minimum of that employee's hourly wage.

Regulation 47-323. Lawful Extension of Credit

1. "Supplying licensee" means those persons authorized pursuant to articles 46 and 47 of title 12, C.R.S. to sell fermented malt beverage, malt liquor, vinous liquor, and spirituous liquors to licensed retailers.

2. "Retailer" means those persons licensed pursuant to Sections 12-47-401(1)(h) – (t) and 12-46-104(1)(c) to sell alcohol beverages to the end consumer.

3. "Cash" means United States currency.

4. "Cash equivalent" means a financial transaction or negotiable instrument other than cash, including: bank drafts (business or personal check, cashier's check, certified check) money order, any other type of completed electronic funds transfer, or a supplying licensee's lawfully-issued credit to a retailer's account. Nothing in this regulation shall require a supplying licensee to make available all of the aforementioned types of cash equivalent.

5. "Alcohol beverage purchase" means the date upon which the alcohol beverage is delivered to the retailer and the retailer takes possession.

B. Transaction Requirements and Restrictions:

1. Regarding retailers' alcohol beverage purchases on credit, supplying licensees are prohibited from extending credit to any retailer for a period in excess of thirty (30) days.

2. A supplying licensee's delivery of alcohol beverages to a retailer must be accompanied by a sales invoice that shows the name of the retailer, the place of delivery (address of the licensed location), the invoice date, the date of delivery, a full description of the alcohol beverages delivered and accepted, a full description of any items on backorder to be delivered on a different date, and the price and terms of sale.

3. If there are discrepancies between the product described in the original sales invoice and the actual delivery, handwritten amendments shall be made to the invoice to reflect any corrections and shall be initialed by an authorized representative of the retailer or supplying licensee. Invoiced product that will be delivered on another date must be re-invoiced by the supplying licensee to reflect the date upon which the actual delivery took place.

4. Where there is lawful ownership of multiple, separately-licensed retail locations, each location must be considered separate and distinct with respect to alcohol beverage purchases. Therefore, a supplying licensee shall consider each location as separate and distinct for the purpose of extending credit. For retailers holding a resort complex class of hotel and restaurant license, all areas within the resort complex must be considered as a single location for the purpose of extending credit.

C. Calculation of Lawful Credit Period:

1. The lawful credit period is thirty (30) calendar days.

2. For the purpose of determining compliance with this regulation, the credit period shall commence on the alcohol beverage purchase and conclude on the date of full legal discharge from all indebtedness arising from the sales transaction related to the delivery, except as otherwise provided in paragraph G of this regulation.

3. If the final day of the lawful credit period falls on a Saturday, Sunday, or legal holiday, the final day shall be the next business day.

4. For the purpose of calculating the lawful credit period only, a retailer's acceptance of an alcohol beverage delivery and sales invoice verifying the delivery is a per se acceptance of the delivery and sales terms.

5. Errors and refusals of delivered product must be noted on either licensee's copy of the sales invoice by an authorized representative of either licensee.

D. Required Payment During Lawful Credit Period:

1. A retailer's payment on a supplying licensee's credit sale shall be recognized as the earlier of:

   a. The date the payment is deposited by the supplying licensee, or

   b. The date the transaction is recorded in the licensee's accounting records, or

   c. The date the supplying licensee or its authorized representative receives the retailer's payment in person, or

   d. The date a retailer can reasonably verify, through its own books and records, tender of payment to a supplying licensee. In order to ensure compliance with this regulation, retailers must make available to the supplying licensee, upon their request, those records that verify the date of tender.

2. The following shall not be considered a lawful discharge of indebtedness for the purpose of advancing any additional credit to a retailer:

a. Business or personal checks that are returned to the supplying licensee as unpaid if replacement funds are not tendered within the lawful credit period.

b. Dispute claims filed by a retailer to a credit card provider for credit card advances it had previously authorized for product delivery, except as otherwise provided in paragraph G of this regulation.

c. A compromise of indebtedness between supplying licensee and retailer that is commercially unreasonable.

d. An assignment of a supplying licensee's accounts receivable for third party collection, when the discharge of indebtedness is dependent upon collection from the retailer.

e. The supplying licensee's temporary credit to a retailer's account, thereby providing the appearance that a retailer is eligible for additional credit.

E. Indebtedness Beyond the Lawful Credit Period:

1. Any supplying licensee that has not received full payment on a sales invoice on or before the conclusion of the 30 day lawful credit period, as calculated pursuant to paragraph D of this regulation, has not engaged in a per se violation of this regulation, but is prohibited from extending additional credit to the indebted retailer.

2. A supplying licensee shall not advance any additional credit to the indebted retailer until the past due indebtedness is fully discharged.

3. A supplying licensee may continue to sell alcohol beverage products to the indebted retailer only if cash or cash equivalent is provided at the time of each additional delivery.

4. A supplying licensee's normal and customary business practice related to the assessment of finance charges on credit balances that exceed 30 days is not a per se violation of this regulation.

F. Record Keeping Requirements for Supplying Licensees:

1. Pursuant to Section 12-47-701, C.R.S., licensees shall keep and maintain business records necessary to fully show the business transactions of such licensee. The following additional minimum requirements shall be met in order to demonstrate compliance with this regulation.

a. Before a supplying licensee extends credit to a retailer, it shall review the credit status of the retailer's account to determine whether any unpaid balance remains on a credit sale that is beyond the lawful credit period for such sale. The supplying licensee shall develop a procedure that documents this credit verification process, and shall be obligated to demonstrate compliance upon any review by the state licensing authority.

b. The supplying licensee shall maintain sufficient records that verify the commencement of the lawful credit period.

c. A supplying licensee that extends credit to retailers shall develop a method of verifying and documenting the date(s) of payment, and the final discharge of indebtedness of each sales invoice if it recognizes a payment date sooner than the date of its final accounting entry. This may include the retention of postmarked envelopes, hand written receipt ledgers, hand written acknowledgement of receipt on the supplying licensee's copy of a sales invoice, or other accounting records developed by the supplying licensee.

d. A supplying licensee that extends credit to retailers shall keep a record of those retailers that did not

discharge indebtedness within the lawful credit period, and evidence that subsequent sales were cash or cash equivalent on delivery until the indebtedness was discharged.

2. A retailer's records may supplement the supplying licensee's records in determining compliance with record keeping requirements, but shall not mitigate a supplying licensee's lack of compliance.

G. Dispute Resolution: The purpose of this section shall be solely for the purpose of determining if a supplying licensee may continue to extend credit to a retailer when transaction amounts in dispute cannot be resolved within the lawful credit period. Nothing herein shall restrict the licensees from exercising their contractual rights in civil disputes.

1. If there is a good faith dispute by a retailer as to the validity or reasonableness of the amount owed or the payment made to the supplying licensee, then the retailer shall give written notice to the supplying licensee prior to the close of the lawful credit period. The retailer shall include the disputed amount due or payment tendered, the invoice number, and a detailed reason for the dispute.

2. Upon receipt of written notification, the supplying licensee shall determine its position and respond within 15 days of the retailer's written notification. The supplying licensee may continue to extend 30 days credit on new purchases pending the resolution of the dispute, so long as the retailer has provided written notice as described in paragraph G.1., and has tendered payment for all amounts not in dispute.

3. For purposes of this regulation, the amount of a qualifying price dispute shall be calculated as the disputed price differential times the number of cases purchased. For example, if the supplying licensee invoices a case of alcohol beverage at $11.00 per case, and the retailer's records reflect a negotiated case deal of $10.00, then the amount in dispute for purposes of this regulation is calculated as $1.00 times the number of cases purchased.

4. The supplying licensee is prohibited from extending 30 days credit on new purchases if the retailer fails to claim disputes in the manner described in this section or fails to make full payment of undisputed amounts on or before the end of the lawful credit period. A retailer's action to stop or delay payment on any financial transaction does not qualify as proper written notice to a supplying licensee of a good faith dispute.

5. Once a dispute is resolved, a retailer will have 30 days to pay any amount due and/or a supplying licensee will have the same period of time to adjust its records to reflect the outcome. If the dispute resolution process is unsuccessful after good faith efforts by both parties, and any amount due would otherwise be placed for collection, the supplying licensee must cease the extension of credit to the retailer and shall conduct any future sale of alcohol beverages for cash or cash equivalent on delivery.

6. Supplying licensees and retailers shall keep sufficient records to document those disputes that are used as justification for the continued extension of credit, which would otherwise be prohibited.

Regulation 47-324. Concurrent Application Review.

A. A local licensing authority, or a license applicant with local authority approval, can request that the state licensing authority conduct a concurrent review of a new license application prior to the local licensing authority's final approval of the license application. Local licensing authorities who permit a concurrent review will continue to independently review the applicant's license application for the purpose of establishing the reasonable requirements of the neighborhood, the suitability of the character, record and reputation of the applicant and its principals, the fitness of the applicant's premises for occupancy in compliance with the provisions of Articles 46 and Article 47 of Title 12 C.R.S., and any other provisions required for local authority determination as provided for in these articles.

B. When conducting a concurrent application review, the state licensing authority will advise the local licensing

authority of any items that it finds that could result in the denial of the license application. Upon correction of the noted discrepancies, the state licensing authority will notify the local licensing authority of its conditional approval of the license application subject to the final approval by the local licensing authority. The state licensing authority will then issue the applicant's state liquor license upon receiving evidence of final approval by the local licensing authority.

C. All applications submitted for concurrent review must be accompanied by all applicable state license and application fees. Any applications that are later denied or withdrawn will allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the respective licensing authority.

Regulation 47-326. Distance Restriction – Applicability and Measurement.

A. Except as provided for in this regulation, no license shall be issued to or held by any person where malt, vinous, or spirituous liquor is sold if the licensed premises is located within 500 feet of any public or parochial school or the principal campus of any college, university or seminary; said distance to be computed by direct measurement from the nearest property line of the land used for school purposes to the nearest portion of the building in which malt, vinous, or spirituous liquors are to be sold, using a route of direct pedestrian access, measured as a person would walk safely and properly, without trespassing, with right angles at crossings and with the observance of traffic regulations and traffic signals.

B. The restriction stated herein shall not be applicable to the following:

1. The renewal or reissuance of a license once granted, as long as the original license has not been expired for a period greater than two (2) years. However, nothing herein shall authorize the renewal of a license beyond ninety (90) days from the date of expiration. Reissuance shall mean the issuance of a new license pursuant to the requirements of section 12-47-311 and 12-47-313, C.R.S.

2. Proposed licensed premises located on land owned by a municipality.

3. Proposed licensed premises on land owned by the state.

4. Any liquor license in effect and actively doing business before any principal campus has been constructed within the prohibited area. "Actively doing business" shall mean that the licensee is engaged in the regular sale of alcohol beverages and otherwise meeting the requirements of articles 46 or 47 of title 12, C.R.S.

5. Any club-licensed premises located within the principal campus of any college, university, or seminary that limits its membership to the faculty or staff of the institution.

Regulation 47-328. Entertainment Districts.

Within fifteen (15) days of the creation of an entertainment district pursuant to 12-47-301(11), a local licensing authority shall notify the state licensing authority of the entertainment district, and provide (1) a map of the entertainment district and any common consumption areas, (2) a list of licensed premises attached to any common consumption area, and (3) the hours of operation for any common consumption area and attached licensed premises. Changes to an existing entertainment district shall be reported to the state licensing authority by the local licensing authority within fifteen (15) days of such changes.

Regulation 47-400. Licensed Breweries.

All brewers who are licensed pursuant to 12-47-402 C.R.S. and who sell their manufactured product directly to consumers for consumption of the product away from the licensed premises, must also obtain a wholesale license,

pursuant to 12-47-406, C.R.S.

Regulation 47-402. Confiscated Shipments.

All shipments or cargoes of alcohol beverages received into the state of Colorado, except those shipments or cargoes originating from a Colorado licensed supplier as shipper, or delivered to a Colorado licensed in-state supplier as consignee and subject to its order, shall be subject to confiscation, impounding or other disposal as may be determined by the Executive Director of the Department of Revenue as ex-officio State Licensing Authority.

Regulation 47-404. Foreign Trade Zones.

Persons licensed as importers of vinous or spirituous liquors, or as importers of malt liquor or fermented malt beverages, or as non-resident manufacturers of malt liquor or fermented malt beverages, may maintain stocks of alcohol beverages in an established "foreign trade zone" in Colorado as defined in section 7-49.5-103(4), C.R.S.

Regulation 47-406. Wholesale Dealer - Importation.

A. It is hereby required that all alcohol beverages shall be the sole and exclusive property of and subject to the unrestricted power of disposal of a duly licensed Colorado wholesale dealer at the time such alcohol beverages cross the Colorado state line and are imported into this state for the purpose of being sold, offered for sale or used in this state.

B. All shipments or importations of alcohol beverages into this state which have originated from a winery, distillery, brewery or wholesaler and which originating shipper is not duly licensed as required by the laws of Colorado relating to alcohol beverages are hereby prohibited.

C. 1. A licensed Colorado manufacturer or wholesaler may import, for laboratory analysis or sampling only, up to twelve (12) liters per year of vinous or spirituous liquors of any one brand, or up to five (5) cases of malt liquor and fermented malt beverage per year of any one brand. Importation of alcohol beverages as provided in this subpart C need not originate from a licensed shipper or importer. All applicable excise taxes on any alcohol beverages imported into Colorado pursuant to this subpart C shall be reported and paid by the Colorado licensed manufacturer or wholesaler first receiving said alcohol beverages.

2. "Sampling" as used in this subpart C shall mean that only the employees of anyone licensed pursuant to this article shall taste or test the alcohol beverages which may be sampled as provided herein. The sale or distribution by anyone of any alcohol beverages imported pursuant to this subpart C, except as provided in this subpart C, is prohibited.

Regulation 47-407. Liquor-Licensed Drugstore

A. In addition to the requirements of Title 12, Articles 46 and Article 47 C.R.S., liquor-licensed drugstore licensees shall also comply with the requirements as set forth by Article 22 of Title 12 C.R.S., the Rules and Regulations of the State Board of Pharmacy.

B. It is the intent of this regulation to require liquor-licensed drugstore licensees to maintain a bona fide pharmacy and not a mere pretext of such for obtaining a liquor-licensed drugstore license. Liquor-licensed drugstore licensees shall conduct and maintain a bona fide drugstore operation at all times as a condition for this class of license. Bona fide conditions shall include:

1. The prescription compounding area must be operational and staffed by a licensed pharmacist, fifty percent of the time, each day, during which alcohol beverages are sold or dispensed in sealed containers.

2. Prescription drugs and controlled substances are sold or dispensed pursuant to lawful prescription orders in conformance with applicable laws and rules, during all times of operation as described in B.I. of this regulation.

C. A licensed pharmacist shall be an owner or employee of the licensee and all records and documents regarding the ownership and/or employment shall be made available to the State Authority or its duly authorized representatives upon demand.

Regulation 47-408. Purchases by Retailers.

A. Every person or entity licensed under the Colorado Liquor or Beer Codes to sell at retail shall purchase all alcohol beverage stock, for the operation of its business, from a person or entity licensed to sell at wholesale pursuant to article 46 or 47 of title 12, C.R.S., except that:

1. A retailer licensed for on-premises consumption only may purchase not more than two thousand dollars' worth of such alcohol beverages during a calendar year from a retail liquor store or a liquor-licensed drugstore.

2. A retailer that is in lawful possession of alcohol beverage inventory at the time it receives approval from local and state licensing authorities to change the location of its licensed premises.

3. A retailer that is in lawful possession of alcohol beverage inventory at the time it receives approval from local and state licensing authorities to change its class of license, as long as such license authorizes the sale of that inventory.

4. A retailer that is in lawful possession of alcohol beverage inventory at the time it receives approval for an application for late license renewal from local and state licensing authorities, or upon final approval of an application for new license when a licensee was unable to renew a license due to the lapse of the lawful renewal period.

C. All alcohol beverages possessed or maintained on the retail-licensed premises shall be only such alcohol beverages acquired as set forth in this regulation, or as may have come into possession upon the issuance of a license or temporary permit pursuant to section 12-47-303, C.R.S.

D. Nothing herein shall authorize a retailer to purchase alcohol beverage stock for its licensed operations from any public or private auction.

E. Records maintained by the licensee in compliance with 12-47-701, C.R.S., shall include all records of purchases of alcohol beverages.

Regulation 47-409. Transportation Of Alcohol Beverages.

Notwithstanding any other rule or regulation to the contrary contained in 1 CCR 203-2, licensees located within the same building or facility, may for transportation purposes only, transport alcohol beverages across another licensee's liquor licensed premises. Nothing in this regulation shall permit a licensee or its agent to sell, serve, give, or consume its alcohol beverages off its own licensed premises.

Regulation 47-410. Retail Warehouse Storage Permit.

A. No alcohol beverages shall be stored or kept in or upon any premises that is not duly licensed, however, the state licensing authority may issue a warehouse storage permit, to retail licensees licensed pursuant to article 47 of title 12, C.R.S. for the storage only of permitted alcohol beverages in one but not more than three (3) locations, other

than the licensed premises. The application for such permit shall specify the address of the proposed storage location and shall include documentation that the licensee is in possession of said premises by way of ownership, lease, or other arrangement.

1. For off-premises licensed retailers, alcohol beverages permitted for storage within a storage warehouse shall include vinous and spirituous liquors only.

2. For on-premises licensed retailers, alcohol beverages permitted for storage within a storage warehouse shall include fermented malt beverages and malt, vinous and spirituous liquors. However, fermented malt beverages or malt liquor stored in a permitted warehouse shall only be stored for a period not to exceed ten days after date of delivery, so as not to interfere with manufacturers' freshness standards.

B. Title to all alcohol beverages, stored or kept pursuant to a warehouse storage permit shall be vested in such permit holder.

C. Alcohol beverages may not be sold or delivered to consumers from the permitted warehouse premises, however, deliveries from wholesalers may be accepted at the permitted warehouse premises.

D. Any retail licensee obtaining a warehouse storage permit, shall provide a copy of said permit to the local licensing authority and shall display such permit in a prominent place within their licensed premises and within the permitted warehouse premises.

Regulation 47-412. Wholesale Warehouse or Branch Houses.

A. Scope of this regulation:

This regulation shall apply to manufacturers of fermented malt beverages and to manufacturers and wholesalers of malt, vinous or spirituous liquors and to the establishing, locating, licensing and operation of warehouses or branch houses by such licensees.

B. Any manufacturer licensed to manufacture fermented malt beverages, malt, vinous or spirituous liquor may establish and operate as many warehouses or branch houses as such manufacturer sees fit for the sole purpose of storing, handling, selling, distributing or dealing in such fermented malt beverage or malt, vinous or spirituous liquor of its own manufacture.

C. All manufacturers and wholesalers shall apply to the state licensing authority for a permit for the location and operation of all warehouses or branch houses and in said application, said licensees shall give the exact location of the premises to be used as said warehouse or branch house, the name of the agent, manager or official in charge of such warehouse, or branch house, and such additional information so as to show that such agent, manager or officer is a fit and proper individual qualified as provided for licensees, under the respective acts under which the license is issued.

D. Upon approval of the state licensing authority, the original permit shall be retained in the office of the manufacturer or wholesaler and one copy posted in a conspicuous place in the warehouse or branch house.

E. Any wholesaler licensed to distribute malt, vinous and spirituous liquors may establish and operate as many warehouses or branch houses as it sees fit for the sole purpose of storing, handling, distributing or dealing in such liquors. Malt liquor wholesalers may establish one salesroom for the purpose of selling malt liquor.

Regulation 47-414. Purchases by Wholesalers.

A. Each person or entity licensed under articles 46 and article 47 of title 12, C.R.S., to sell at wholesale shall purchase all alcohol beverage stock for the operation of its business from Colorado licensed suppliers, unless otherwise provided in these articles or related regulations.

B. A person licensed to sell at wholesale, pursuant to articles 46 or 47 of title 12, C.R.S., may purchase sealed alcohol beverage stock from a licensed retailer within five (5) days after the expiration, or the surrender to, and cancellation by, the state or local licensing authority, of the retailer's alcohol beverage license. Any alcohol beverages purchased from a retailer pursuant to this regulation must be alcohol beverages that the wholesaler is authorized to sell and normally carries as part of its alcohol beverage stock.

Regulation 47-415. [Removed per S.B. 03–088, 26 CR 7]

Regulation 47-416. Items Approved for Sale in Retail Liquor Stores.

No person licensed to conduct the business of a retail liquor store shall sell, offer or expose for sale or distribute within the State of Colorado any commodities, items or articles of commerce except the following:

A. Malt, vinous and spirituous liquors, soft drinks, milk, mixers, and mixes, all in sealed containers for consumption off the premises.

B. Cigarettes, cigars and other tobacco and tobacco products intended for human consumption or use.

C. Smoking supplies, including: Mechanical lighters and fluid, wicks, flints and other replacement parts for mechanical lighters; ashtrays, matches and containers for matches; cigarette rollers; cigarette and cigar holders, filters, and replacement parts for such holders and filters; cigar cutters and punches; cigar humidors, humidification solution and sponge blocks; pipes and pipe cleaners, filters, reamers, and other accessories and replacement parts for pipes.

D. Pumps, pumping devices, taps, or any equipment or devices, which are to be used only in connection with, and for the sole purpose of, dispensing malt liquor from sealed containers. Cartridges containing carbon dioxide gas or other propellants necessary for the use of pumps, pumping devices, or taps.

E. General bar equipment, portable bars (home use only), bartender guides, bar towels, blenders, fruit squeezers, bottle openers, can openers, coasters, cork screws, drink shakers, drip rings, party clips that attach wine glasses to plates, shot measures, soda siphons or soda mixers, stir sticks, trays, glass washing equipment, ice, buckers, ice crushers, and ice machines.

F. All types of dispensers, decanters, pitchers, flasks, glasses, glass holders, mugs, coolers, and liquor travel cases.

G. Beverage publications, books, or magazines, where the use or content is focused primarily on alcohol beverages or the alcohol beverage industry. Electronic versions of the same are acceptable if they are read-only and not reusable.

H. Beer brewing kits that contain brewing equipment and/or commercially packaged, pre-mixed, self-contained, add-water-only ingredients. Wine making kits, wine racks, wine storage units (home use only), wine inventory/cataloging systems, and related accessories.

I. Bottle neck greeting cards, gift baskets, synthetic packaging material for gift baskets, gift wrap, and ribbons.

J. Olives, cocktail garnishes as authorized pursuant to 12-47-407, C.R.S., fresh lemons, fresh limes, and maraschino cherries.

K. Liquor-filled candy, hangover remedies that are specifically labeled as a hangover reliever, herb bitters, and breath fresheners that are specifically labeled as a remedy to remove alcohol breath.

L. Devices purported to measure the alcohol content of the breath or blood.
M. Automated cash machines that are provided solely for the convenience of retail liquor store customers.

N. Other non-food items related directly to the consumption of alcohol beverages as approved by the state licensing authority, by rule or otherwise.

Regulation 47-418. Restaurants.

A. Restaurants may sell alcohol beverages only for consumption on the premises, and may, but are not required to, serve such alcohol beverages with meals.

B. All restaurants shall at all times, when meals are required to be served, maintain on the premises adequate personnel, foodstuffs and other necessary facilities, equipment and supplies for the preparation and serving of meals as defined by 12-47-103(20) C.R.S., as amended. The service or sale of alcohol beverages in licensed establishments which are prepared to serve only such foods as pretzels, crackers, nuts, and other appetizers, or canned soups, packaged sandwiches or similar items which are normally only components of meals, shall be considered a violation of this regulation.

C. The service or sale of alcohol beverages in restaurants obtaining prepared meals from sources other than facilities under the exclusive management and control of the licensee shall also be considered a violation of this regulation.

D. Restaurants must be maintained in a clean and sanitary condition and in full compliance with the requirements of 6 C.C.R. 1010-2 for food service establishments under the supervision of the State Board of Health, and shall maintain such food service license issued by the Board of Health in full force and effect at all times while selling alcohol beverages for consumption therein.

E. Establishments operating as a "temporary retail establishment," "mobile retail establishment," or "pushcart" as defined in Regulation 1-202, 6 C.C.R. 1010-2, shall be considered not to have the necessary equipment or premises to qualify for a hotel and restaurant license.

Regulation 47-420. Minibar Container Size.

No container of malt, vinous, or spirituous liquor which has a capacity of more than five hundred milliliters may be available for sale in a minibar.

Regulation 47-422. Arts License.

The words "productions and performances of an artistic or cultural nature" include all forms of theatrical and other performing arts, the display or exhibition of all forms of the visual arts, and activities conducted on the licensed premises in furtherance of the proper purposes of arts organizations. An organization otherwise complying with section 12-47-417 C.R.S. shall be deemed to be engaged in a production or performance at all times that visual art is on exhibit for viewing within the licensed premises.

Regulation 47-424. Engaging in Business.

No person, firm, corporation or association shall engage in the business of selling, offering to sell, using or soliciting orders for alcohol beverages from any Colorado licensed wholesaler or retailer except and unless said person, firm, corporation or association shall be a duly licensed brew pub, manufacturer, wholesaler or importer as required by the laws of the State of Colorado.

Regulation 47-426. Delivery of Alcohol Beverages.

A. Delivery Prohibited.

No retail liquor licensee, licensed to sell malt, vinous, and spirituous liquor for off-premises consumption or fermented malt beverages for on and off premises consumption, shall conduct a delivery only business, or permit the delivery of such alcohol beverages beyond the customary parking area for the customers of the retail outlet except as permitted in B (1) of this regulation.

B. Delivery Permitted.

A retail liquor licensee, licensed to sell malt, vinous, and spirituous liquor, for off-premises consumption or fermented malt beverages for on and off premises consumption, may, deliver such alcohol beverages to any location off the licensed premises, pursuant to the following restrictions:

1. The order for the alcohol beverages which are to be delivered, must be taken by the licensee or an ordering service acting as an agent of the licensee pursuant to a written agreement entered into with the licensee. Licensee shall provide a copy of said agreement to the Liquor Enforcement Division prior to any orders being accepted by licensee's agent. The order may be taken by written order, by telephone, in person, or via internet communication with the licensee or its agent. The person placing the order must provide the licensee with their name, address, date of birth and a valid form of identification, including the identification number. Under no circumstances shall a person under 21 years of age be permitted to place an order for alcohol beverages.

2. Delivery of alcohol beverages shall only be made to a person 21 years of age or older at the address specified in the order. Delivery must be made by the licensee, an employee of the licensee, or a delivery service acting as an agent of the licensee pursuant to a written agreement entered into with the licensee. A copy of said agreement shall be maintained by the licensee. The licensee or his employee, or a representative of a delivery service who delivers the alcohol beverages shall note and log, at the time of delivery; the name, address, date of birth and the valid form of identification, including the identification number, of the person the alcohol beverages are delivered to. Under no circumstances shall a person under 21 years of age be permitted to receive a delivery of alcohol beverages.

3. Licensees who deliver alcohol beverages shall maintain as a part of their required records, pursuant to 12-47-701 C.R.S., all records of delivery including; delivery agreements, delivery orders, receipt logs and journals. These records shall be maintained by the licensee for the current and three prior calendar years. Failure to maintain accurate or complete records shall be a violation of this regulation.

C. Suspension/Revocation.

Any delivery made in violation of Title 12, Articles 46 and Article 47, or in violation of this regulation may be grounds for suspension or revocation by the State Licensing Authority as provided for in section 12-47-601 C.R.S.

Regulation 47-428. Manufacturer Sales Rooms.

A. Any manufacturer of spirituous liquors, licensed pursuant to 12-47-402 C.R.S., applying to operate an additional sales room location shall submit a copy of the application or supplemental application for the additional sales room

to the local licensing authority in the jurisdiction in which such sales room is proposed.

B. Any manufacturer of vinous liquors applying to operate an additional sales room licensed pursuant to 12-47-402, and any limited winery licensee applying to operate an additional licensed premises pursuant to 12-47-403, shall also submit a copy of the application or supplemental application for an additional sales room or additional licensed premises to the local licensing authority in the jurisdiction in which such sales room or additional licensed premises is proposed.

C. The local licensing authority may request that the state licensing authority deny the issuance of a license for an additional sales room or limited winery licensed premises if it has determined that the applicant is not in compliance with local zoning restrictions or any other reasonable restrictions placed upon the neighborhood by the local licensing authority; and that for licenses issued for more than 3 consecutive days, that the proposed sales room or additional limited winery licensed premises is in keeping with the reasonable requirements of the neighborhood and desires of the adult inhabitants, in accordance with 12-47-301(2)(a) C.R.S. Neither the state or local licensing authority shall impose any additional fees for the processing or review of an application for an additional sales room or limited winery licensed premises.

D. All applications for additional sales rooms or licensed premises to be operated for no more than three (03) consecutive days shall be filed with both the local and state licensing authorities not less than 10 business days prior to the proposed opening date.

E. All applications for additional sales rooms or licensed premises to be operated for more than three (03) consecutive days shall be filed at least thirty (30) days prior to approval by the state licensing authority. Once an application has been filed for an additional location pursuant to this paragraph E, no application filed pursuant to paragraph D of this regulation will be accepted for the same location.

Regulation 47-430. Limited Winery License – Colorado-grown Produce Annual Certification and Records
Repealed effective 12/01/2006.

Regulation 47-432. Colorado Manufacturers– Alternating Proprietor Licensed Premises.

A. Definitions

1. "Alternating Proprietor Licensed Premises" shall have the meaning set forth in 12-47-103(2.5), C.R.S. For purposes of this regulation, alternating proprietor licensed premises shall also mean that portion of the host manufacturer's licensed premises that is shared by the host manufacturer and alternating proprietors, for the manufacture of malt or vinous liquor, which is readily identified by use of placards showing the license number of the manufacturer using that area. Such shared premises may include grain storage areas, crush pads, processing tanks, bottling lines, barrel storage, and casking areas.

2. "Alternating Proprietor" or "tenant manufacturer" shall mean a manufacturer licensed pursuant to 12-46-104(1)(A), 12-47-402, 12-47-403, or 12-47-415, C.R.S. who, by way of written agreement, takes possession of a host manufacturer's licensed premises for use as an alternating proprietor licensed premises as defined in 12-47-103(2.5), C.R.S. and this regulation.

3. "Alternating Proprietor Agreement" shall mean a written agreement between a host manufacturer and an alternating proprietor that, at minimum, conveys possession of specific alternating proprietor licensed premises within a host manufacturer's licensed premises to specific alternating proprietors, establishes the general time frame for possession of alternating proprietor licensed premises, and the manner in which each alternating proprietor will maintain control over its manufacturing operations as an independent producer. Such agreement must be approved by the Liquor Enforcement Division, and any changes, modifications, or termination of such

agreement must also be reported to the division within the time frame specified within paragraph C of this regulation.

4. "Host manufacturer" shall mean a manufacturer licensed pursuant to 12-46-104(1)(A), 12-47-402, 12-47-403, or 12-47-415, C.R.S. who, by way of written agreement, makes available a portion of its licensed premises to other manufacturers licensed pursuant to those sections, for use as an alternating proprietor licensed premises as defined in 12-47-103(2.5), C.R.S. and this regulation.

5. "Dedicated Premises" shall mean that portion of a manufacturer's licensed premises that is not made available to other manufacturers for use as an alternating proprietor licensed premises, and shall always include the host manufacturer's retail sales area, and/or any consumer tasting area.

B. Requirements of Alternating Proprietor Licensed Premises in Colorado Wineries, Breweries, and Brewpubs

1. Only manufacturers licensed pursuant to 12-46-104(1)(A), 12-47-402, 12-47-403, or 12-47-415, C.R.S. for the manufacture of malt or vinous liquor are eligible to engage in alternation of licensed premises, as described in this regulation, either as a host manufacturer or tenant manufacturer (alternating proprietor).

2. A host manufacturer that elects to alternate its licensed premises may allow more than one tenant manufacturer to take possession of alternating proprietor licensed premises, pursuant to the requirements of this regulation, as long as there is no more than one tenant manufacturer per alternating proprietor licensed premises at any given time.

3. All manufacturers licensed pursuant to 12-46-104(1)(A), 12-47-402, 12-47-403, or 12-47-415, C.R.S. must maintain possession of their dedicated premises at all times pursuant to 12-47-301(3)(a), C.R.S. A host manufacturer that elects to alternate its licensed premises must maintain dedicated premises that are separate from tenant manufacturer premises. Nothing herein shall prohibit any host or tenant manufacturer from temporarily transporting its manufactured product over dedicated premises or alternating proprietor licensed premises.

4. At all times specified in the alternating proprietor agreement, a tenant manufacturer must maintain possession, title, and control over raw materials and manufacturing operations, occurring on its assigned alternating proprietor licensed premises. Nothing in this regulation authorizes joint venture operations, and the operations of each manufacturer must be separate and distinct. However, nothing herein shall prohibit a host or a tenant manufacturer from utilizing the services of another manufacturer's staff or employees, as long as such an arrangement is provided for in the alternating proprietor agreement.

5. Alternating proprietor licensed premises within host manufacturing premises must be separated in a manner that adequately distinguishes each alternating proprietor licensed premises area by use of placards, partitions, or other physical means.

6. Nothing in this regulation shall authorize a host manufacturer that is licensed solely for the production of vinous liquor, pursuant to 12-47-402 or 12-47-403, to allow any tenant manufacturer to engage in the manufacture of anything other than vinous liquor.

7. Nothing in this regulation shall authorize a host manufacturer that is licensed solely for the production of malt liquor, pursuant to 12-47-402 or 12-47-415, to allow any tenant manufacturer to engage in the manufacture of anything other than malt liquor.

8. The authorization to alternate any licensed premises may be suspended or denied by the state licensing authority due to violations of the host or tenant manufacturer.

C. Application for Alternating Proprietor Licensed Premises

1. When a host manufacturer elects to alternate its licensed premises by designating a portion of its licensed premises as alternating proprietor licensed premises, it shall file notification with the Liquor Enforcement Division, within ten (10) days after alternation has commenced.

2. Notification shall be filed on forms prepared by the Liquor Enforcement Division, and shall include all applicable fees, an alternating proprietor agreement, color-coded diagrams delineating those sections of the licensed premises that are to be operated as alternating proprietor licensed premises and those sections that are to remain designated premises, and the manner in which alcohol beverage stock ownership will be identified and segregated.

D. Record Keeping and Excise Tax Reporting Requirements

1. Both the host and tenant manufacturer shall maintain a record of the movement or transfer of raw materials when introduced to the alternating proprietor licensed premises, and when moved to or from fermentation.

2. Any transfer of malt or vinous liquor to or from the alternating proprietor licensed premises shall be recorded in the business records of each manufacturer.

3. All manufacturers engaged in the activities described herein must maintain control over their separate business records at all times. Whether such records are maintained on the alternating proprietor licensed premises or the dedicated premises, tenant manufacturers must provide access to all records when requested by any enforcement officer, without authorization of the host or other tenant manufacturers.

4. On or before the 20th day of each month, on forms prescribed by the department, each tenant manufacturer shall file a report of the preceding month's alternating proprietor licensed premises operations. Such report shall be filed with the Monthly Report of Excise Tax, as required by 12-47-503, C.R.S. and related regulations.

Regulation 47-500. Excise Tax Audits.

The Department of Revenue shall cause each original monthly summary report to be audited.

A. If the audit reveals that the reporting brewpub, manufacturer or wholesaler shall have paid more tax, penalty, or interest than was actually due, the Department of Revenue shall issue to that brewpub, manufacturer or wholesaler a tax credit form reflecting the amount of overpayment. The brewpub, manufacturer or wholesaler may deduct the tax credit from any succeeding monthly report by attaching tax credit forms to the report.

B. If such audit reveals that the reporting brewpub, manufacturer or wholesaler shall have paid less tax, penalty, or interest than was actually due, the Department of Revenue shall issue to that brewpub, manufacturer or wholesaler a notice of assessment form reflecting the amount of underpayment. The brewpub, manufacturer or wholesaler must return the assessment form, along with the remittance, payable to the Department of Revenue.

Regulation 47-502. Excise Tax Reports.

A. Resident manufacturers and wholesalers.

1. Reporting of alcohol beverages received or manufactured.

Each licensed manufacturer or wholesaler whose licensed premises are located within Colorado shall forward to the Department of Revenue on or before the 20th day of the month succeeding the month of receipt or

manufacture of such alcohol beverage, a completed report. Wholesalers shall use form DR 0445 which shall include the date of receipt, supplier account number and name, invoice number, and gallons or liters received. A separate form shall be submitted for each commodity. Manufacturers shall use this form only if they are acting in a licensed wholesale capacity, and they shall include the amount of product manufactured. Manufacturers and wholesalers shall maintain upon the licensed premises, and make available for inspection by the state licensing authority or other agents of the department, documents or invoices supporting such reports.

2. Reporting and payment of excise taxes - first sold.

   Each Colorado licensed wholesaler or manufacturer shall, in addition to filing form DR 0441 and DR 0445, also complete and file each month with the Department of Revenue form DR 0442. Form DR 0442 shall be filed on or before the 20th of the month succeeding the month reported. Payment of excise taxes due shall accompany the filing of form DR 0442.

3. Reporting and payment of excise tax - upon manufacture or receipt.

   Each Colorado licensed manufacturer or wholesaler electing this method of payment must in addition to the requirement in A.2. above, contact the Department of Revenue. The department may enter into a "memorandum of understanding" with the licensee stating that the taxes will be reported and paid upon manufacture or receipt of purchased product, rather than when the product was first sold by such licensee.

4. Reporting receipt of alcohol beverages for which excise taxes have previously been paid.

   All Colorado licensed wholesalers receiving alcohol beverages, where the excise taxes upon such alcohol beverages have already been reported and paid to the Department of Revenue by a Colorado licensed wholesaler or manufacturer, or where the liability for reporting and payment of such excise taxes has been incurred by a manufacturer or some other licensed wholesaler, shall report receipt of such alcohol beverages on form DR 0445 and shall attach invoices evidencing receipt of such.

5. Excise taxes - credits, refunds.

   a. A Colorado manufacturer who transmits outside the state and there disposes of any alcohol beverages, upon which no state excise tax has been previously paid or liability incurred, may claim exemption from the payment of excise taxes thereon by submitting form DR 0443 as well as invoices or bills of lading evidencing such disposal. A Colorado wholesaler who shall transmit outside the state and there dispose of alcohol beverages, upon which excise tax has been previously paid or liability incurred, may claim credit for such taxes for which such wholesaler may be liable on form DR 0443 and shall attach a signed and itemized delivery receipt, invoice and bill of lading from a common carrier or affidavit showing such transaction.

   b. A Colorado manufacturer or wholesaler possessing alcohol beverages upon which state excise taxes have been previously paid or liability incurred and which alcohol beverages have been rendered unsalable by reason of destruction or damage may claim exemption or credit for such taxes for which such manufacturer or wholesaler may be liable by submitting an application for credit supported by a properly executed affidavit of destruction or damage. Nothing herein shall be construed to authorize claims for credit of taxes paid on any alcohol beverages rendered unsalable by reason of spoilage.

   c. All claims for exemptions from excise taxes, or claims for credit, shall be made on forms DR 0442 and DR 0443 on or before the 20th day of the month succeeding the date of disposal. In addition, all affidavits of destruction or damage, or invoices evidencing shipment outside of Colorado shall be submitted with said

forms.

B. Any manufacturer or wholesaler may, in lieu of forms required in this regulation, forward a computer generated report in a format approved by the Department of Revenue. Such reports must be submitted within the same time frames as set forth above.

Regulation 47-503. Payment of Excise Taxes - Colorado Licensed Wineries.

The additional excise tax surcharge at the rate of 5.0 cents per liter for the first nine thousand liters, 3.0 cents per liter for the next thirty-six thousand liters, and 1.0 cent per liter for all additional amounts, is imposed on all vinous liquors except hard cider produced by Colorado licensed wineries and sold, offered for sale, or used in this state. This graduated rate shall be applicable on an annual basis beginning on the first day of July each year.

Regulation 47-504. Payment of Excise Taxes by Non-licensees.

A. Persons not licensed pursuant to this article arriving in the state from another state or foreign country may lawfully have in their possession, for personal use and not for resale, up to one (1) gallon or four (4) liters, whichever measure is applicable, of alcohol beverage without liability for the Colorado excise tax thereon. Excise taxes on alcohol beverages in excess of the aforesaid four (4) liters (or one gallon) shall be paid to the Colorado Department of Revenue in the amounts set forth in section 12-47-503, C.R.S. Persons in possession of such alcohol beverages at the time of their arrival in Colorado shall be liable for the payment of excise taxes thereon, and such payment shall be made within thirty (30) days of the date such alcohol beverages arrive in Colorado.

B. Notwithstanding the above, persons receiving vinous liquors in this state pursuant to the provisions of section 12-47-104 C.R.S., are exempt from payment of excise taxes on such liquor.

Regulation 47-506. Fees.

Below are the fees set by the state licensing authority pursuant to sections 12-47-501(2) and 12-47-501(3), C.R.S.

Alternating Proprietor Licensed Premises	$ 150.00
Application for New License	$ 600.00
Application for New License with Concurrent Review	$ 700.00
Application for Transfer License	$ 600.00
Art Gallery Permit	$ 71.25
Bed & Breakfast Permit	$ 50.00
Branch Warehouse or Warehouse Storage Permit	$ 100.00
Change of Corporate or Trade Name	$ 50.00
Change of Location	$ 150.00
Corporate/LLC Change (Per Person)	$ 100.00
Duplicate Liquor License	$ 50.00
Limited Liability Change	$ 100.00
Manager Registration (Hotel/Restaurant or Tavern)	$ 75.00
Master File Background	$ 250.00
Master File Location Fee (Per Location)	$ 25.00
Modification of License Premises (City or County)	$ 150.00
New Product Registration (Per Unit)	$ 5.00
Optional Premises Added to H&R License (Per Unit)	$ 100.00
Retail Warehouse Storage Permit	$ 100.00
Wine Festival Permit	$ 25.00
Wine Direct Shipment Permit	$ 50.00

Subpoena Testimony (Per Hour)..... $ 50.00

Minimum of four (4) hours of appearance or on-call or travel time to court and mileage, meals, and lodging at state employee per-diem rate. Actual hourly rate for all hours in excess of four (4) hours.

Regulation 47-600. Complaints against Licensees - Suspension and Revocation of Licenses.

A. Whenever a written complaint shall be filed with a licensing authority, charging any licensee for the manufacture or sale of alcohol beverages with a violation of any law or of any of the rules or regulations adopted by the State Licensing Authority, the licensing authority shall determine by investigation or otherwise the probable truth of such charges.

B. If it shall appear therefrom or shall otherwise come to the attention of the licensing authority that there is probable cause to believe that a licensee has violated any such law, rule or regulation, the licensing authority shall issue and cause to be served upon such licensee a notice of hearing and order to show cause why its license should not be suspended or revoked.

C. A hearing shall be held at a place and time designated by the licensing authority on the day stated in the notice, or upon such other day as may be set for good cause shown. Evidence in support of the charges shall be given first, followed by cross-examination of those testifying thereto. The licensee, in person or by counsel, shall then be permitted to give evidence in defense and in explanation, and shall be allowed to give evidence and statements in mitigation of the charges. In the event the licensee is found to have committed the violation charged or any other violation, evidence and statements in aggravation of the offense shall also be permitted.

D. If the evidence presented at the hearing does not support the charges stated in the notice and order served upon the licensee, but standing alone establishes the guilt of the licensee of a violation of some other law, rule or regulation, the licensee shall be permitted to give evidence and statements in defense, explanation and mitigation if then prepared to do so. If such evidence is not then available, but can be obtained by the licensee, the licensee shall state the substance thereof and upon his request the hearing may be recessed for not more than ten days, and shall then continue under the same procedure as though no recess had occurred.

E. In the event the licensee is found not to have violated any law, rule or regulation, the charges against him will be dismissed. If the licensee is found to have violated some law, rule or regulation, his license may be suspended or revoked.

F. Every licensee whose license has been suspended by any licensing authority shall, if ordered by the licensing authority, post two notices in conspicuous places, one on the exterior and one on the interior of its premises, for the duration of the suspension. The notices shall be two feet in length and fourteen inches in width containing lettering not less than ½ " in height, and shall be in the following form:

NOTICE OF SUSPENSION ALCOHOL BEVERAGE LICENSES ISSUED FOR THESE PREMISES HAVE BEEN SUSPENDED BY ORDER OF THE STATE-LOCAL LICENSING AUTHORITY FOR VIOLATION OF THE COLORADO LIQUOR/BEER CODE

Advertising or posting signs to the effect that the premises have been closed or business suspended for any reason other than by order of the department suspending alcohol beverage license, shall be deemed a violation of this rule.

G. During any period of active license suspension, when such suspension has not otherwise been stayed by a

licensing authority through the payment of a fine pursuant to section 12-47-601(3) through (7), the licensee shall not permit the selling, serving, giving away, or consumption of alcohol beverages on the licensed premises.

Regulation 47- 601. Assurance Of Voluntary Compliance.

The Liquor Enforcement Division Director or Local Licensing Authority may accept an Assurance of Voluntary Compliance regarding any act or practice alleged to violate Articles 46, 47 or 48 of title 12, C.R.S., or the rules and regulations thereunder, by a licensee who has engaged in, is engaging in, or is about to engage in such acts or practices. The Assurance must be in writing and may include a stipulation for the voluntary payment of the costs of the investigation. An Assurance of Voluntary Compliance may not be considered an admission of a violation for any purpose by the State or Local licensing authority; however, proof of failure to comply with the Assurance of Voluntary Compliance is prima facie evidence of a violation of articles 46, 47 or 48 of title 12, C.R.S., or the rules and regulation thereunder, not to exceed nine (9) months from the date of executed agreement. The State Licensing Authority or Local Licensing Authority may approve or review an Assurance of Voluntary Compliance executed by their respective agencies.

Regulation 47-602. Temporary-Summary Suspension.

A. Where a licensing authority has reasonable grounds to believe and finds that a licensee has been guilty of a deliberate and willful violation of any applicable law or regulation or that the public health, safety or welfare imperatively requires emergency action and incorporates such findings in its order, it may temporarily or summarily suspend the license pending proceedings for suspension or revocation which shall be promptly instituted and determined.

B. The temporary suspension of a license without notice pending any prosecution, investigation, or public hearing shall be for a period not to exceed fifteen days.

Regulation 47-604. Compliance Check Penalties

When a licensing authority finds that a licensee has sold alcohol beverages to a minor and that said violation was investigated or detected by using a person under twenty-one years of age to purchase alcohol beverages from the licensee, the licensing authority may consider the following penalties to be imposed for the violation:

A. 1. First Offense - (within one year) A written warning, Assurance of Voluntary Compliance or, up to a 15 day suspension. Accepting a fine (within the provisions of C.R.S. 12-47-601) in lieu of actual suspension is at the discretion of the licensing authority, as is holding a portion of the suspension time in abeyance for a period of time.

   2. As an inducement for licensees to provide training for servers, because server training has proven to be an aid in the reduction of violations, it is recommended that, where there are no aggravating circumstances, a licensee who has fulfilled the requirements of a Responsible Vendor pursuant to 12-47-1002, C.R.S. be issued a warning, Assurance of Voluntary Compliance, or up to five (5) days suspension on the first violation.

B. Second Offense (within one year) - A 5 to 25 day suspension. If no fine was paid or suspension served at the time of the first offense, it would be within the discretion of the licensing authority to accept a fine (within the provisions of C.R.S. 12-47-601) in lieu of actual days of suspension and/or to hold a portion of the suspension time in abeyance for a period of time.

C. Third Offense (within two years) – 15 to 40 day suspension.

D. Fourth Offense (within two years) - 45 day suspension to revocation.

E. Licensing Authorities may also consider mitigating and aggravating factors when considering the imposition of the penalty. These factors may include:

1. Action taken by the licensee to prevent violations, i.e., training of servers.

2. Licensee's past history of success or failure with compliance checks.

3. Corrective action(s) taken by the licensee.

4. Prior violations/prior corrective action(s) and their effectiveness.

5. Willfulness or deliberateness of the violation.

6. Likelihood of recurrence of the violation.

7. Factors which might make the situation unique, such as:

   a. Prior notification letter to the licensee that a compliance check would be forthcoming.

   b. The dress or appearance of the underage operative, i.e., the operative was wearing a high school letter jacket.

8. Licensee or manager is the violator or has directed an employee or other individual to violate the law.

Regulation 47-605. Responsible Alcohol Beverage Vendor and Permitted Tastings by Retail Liquor Stores and Liquor Licensed Drugstores

To be considered a Responsible Alcohol Beverage Vendor at any licensed premises, or to serve beverage alcohol at tastings held in retail liquor stores or liquor licensed drugstores, the following standards must be complied with.

A. Initial Certification Training Program Standards

1. A training program must be attended by the resident on-site owner (if applicable) or a manager, and all employees selling/serving alcohol beverages

2. Once a licensee is designated a "Responsible Vendor," all new employees involved in the sale, handling and service of alcoholic beverages must complete the training described in this regulation within 90 days of date of hire

3. The program must include at least (2) hours of instruction time.

4. The program must provide written documentation of attendance and successful passage of a test on the knowledge of the required curriculum for each attendee

   a. Attendees that can speak and write English must successfully pass a written test with a score of 70% or better

   b. Attendees that cannot speak or write English may be offered a verbal test, provided the same questions are given as are on the written test and the results of the verbal test are documented with a passing score of 70% or better

5. Program providers may, at their discretion, conduct class surveys or discussions to help determine a program's effectiveness. This time shall not be counted as part of the program's instruction time.

B. Initial certification training class core curriculum

1. Discussion concerning alcohol's effects on the human body
   a. Alcohol's physical effects
   b. Visible signs of intoxication
   c. Recognizing the signs

2. Liquor Liability
   a. Civil liability
   b. Criminal liability
   c. Administrative liability (License Sanctions)
   d. Liability for licensee and/or managers for the actions of employees

3. Sales to visibly Intoxicated persons
   a. Colorado law provisions
   b. Recognition and prevention
   c. Intervention techniques
   d. Related laws or issues
      i. DUI/DWAI
      ii. Reg. 47-900

4. Sales to minors
   a. Colorado law provisions
   b. Sale and service
   c. Permitting consumption

5. Acceptable forms of Identification (Reg. 47-912)
   a. How to check identification – protocol
   b. Spotting false identification
   c. Mistakes made in verification

6. Other key state laws and rules affecting owners, managers, sellers, and servers
   a. Age requirements for servers and sellers
   b. Provisions for confiscating fraudulent identifications
   c. Removal of liquor from on-premises licensed establishment
   d. Patrons prohibited from bringing liquor onto licensed premises
   e. Permitted hours of sale and service
   f. Conduct of establishment
   g. Nudity and prohibited entertainment
   h. Permitting inspections by state and local licensing and enforcement authorities
   i. Reporting changes in ownership and management
   j. Licensee responsible for activities occurring within licensed premises
   k. Tastings in retail liquor stores and liquor licensed drugstores
   l. Prohibited purchases

C. Information for Owners and Managers

1. Local Licensing and Enforcement
   a. Encourage to become familiar with local law provisions
   b. Encourage to develop a relationship with local agencies

2. State Licensing and Enforcement
   a. How to contact the Liquor Enforcement Division
   b. Become familiar with state laws and regulations
   c. Encourage to develop a relationship with area investigator

3. Recommendations for Licensees
   a. Establish policies and procedures
   b. Establish a record keeping system to document activities and events
   c. Contact local Authority on incident reporting expectations

D. Training programs based on type of licensed establishment and portability of training

1. Training program curriculum may be tailored by Division-Certified training program providers to on-premises only licensed establishments, to off-premises only licensed establishments, or to both on-premises and off-premises combined. Except as noted below, all approved training programs shall include the curriculum contained in sections B and C of this regulation.

2. Combined training programs must include all of the curriculum contained in sections B and C of this regulation. Persons certified in a combined training program may use the certification in both on- and off- premises licensed establishments.

3. On-premises only training programs may exclude from their curriculum section B(6)(k) of this regulation relating to liquor store tasting events. Persons certified in an on-premises only training program may use their certification only in an on-premises licensed establishment.

4. Off-premises only training programs may exclude from their curriculum sections B(6)(c), (d), (f), and (g) relating to activities at on-premises businesses. Persons certified in an off-premises only training program may use their certification only in an off-premises licensed establishment.

E. Recertification requirements
1. Recertification must occur every three (3) years

2. Recertification shall be accomplished in any of the following manners:

   a. Documented successful passage of a written or verbal test with a score of 70% or better administered by a Division-approved program trainer in person, which demonstrates knowledge of new and existing alcohol beverage laws Code of Colorado Regulations 45

      1. Completion of a course is not required before the test is administered

      2. Failure to pass the first administration of the test shall require attendance at either a recertification course or an initial certification training program

   b. Documented attendance and completion of a recertification course

   c. Documented attendance and completion of an initial certification training program

3. Recertification course

a. The curriculum must cover any and all changes in the law or regulations that effect the curriculum contained in the initial certification program

b. The course must provide a refresher on the following topics:

1. Sales to intoxicated persons

2. Sales to minors

3. Legal sales hours

4. Civil and criminal liabilities for law violations

c. No minimum instruction time or testing requirements shall apply

F. Records Retention

The certified seller – server training program providers for the Responsible Alcohol Beverage Vendor Program must keep proof of attendance and records of successful completion of the training for a minimum of three (3) years and make the records available to the Liquor Enforcement Division upon request.

Regulation 47-700. Inspection of the Licensed Premises.

A. The licensed premises, including any places of storage where alcohol beverages are stored or dispensed, shall be subject to inspection by the State or Local Licensing Authorities and their investigators, or peace officers, during all business hours and all other times of apparent activity, for the purpose of inspection or investigation. For examination of any inventory or books and records required to be kept by licensees, access shall only be required during business hours. Where any part of the licensed premises consists of a locked area, upon demand to the licensee, such area shall be made available for inspection without delay; and upon request by authorized representatives of the licensing authority or peace officers, such licensee shall open said area for inspection.

B. Each licensee shall retain all books and records necessary to show fully the business transactions of such licensee for a period of the current tax year and the three prior tax years.

Regulation 47-900. Conduct of Establishment.

A. Orderliness, loitering, serving of intoxicated persons.

Each person licensed under Article 46, Article 47, and Article 48 of Title 12, and any employee or agent of such licensee shall conduct the licensed premises in a decent, orderly and respectable manner, and shall not serve a known habitual drunkard or any person who displays any visible signs of intoxication, nor shall they permit a known habitual drunkard or any person who displays any visible signs of intoxication to remain on the licensed premises without an acceptable purpose, nor shall the licensee, his employee or agent knowingly permit any activity or acts of disorderly conduct as defined by and provided for in Section 18-9-106, C.R.S., nor shall a licensee permit rowdiness, undue noise, or other disturbances or activity offensive to the senses of the average citizen, or to the residents of the neighborhood in which the licensed establishment is located.

B. Attire and conduct of employees and patrons.

No person licensed under Article 46, Article 47, and Article 48 of Title 12, nor any employee or agent of such person licensed under these Articles shall engage in or permit the following:

1. Employment or use of any person in the sale or service of alcohol beverages in or upon the licensed premises while such person is unclothed or in such attire, costume or clothing as to expose to view any portion of the female breast below the top of the areola or of any portion of the public hair, anus, cleft of the buttocks, vulva or genitals.

2. Employment or use of the services of any hostess or other person to mingle with the patrons while such hostess or other person is unclothed or in such attire, costume or clothing as described in paragraph number (1) above.

3. Any person on the licensed premises touching, caressing or fondling the breasts, buttocks, anus, or genitals of any other person.

4. Any employee or person on the licensed premises wearing or using any device or covering of any kind, which exposes or simulates the breasts, genitals, anus, pubic hair or any other portion thereof.

C. Entertainment.

Live entertainment is permitted on any licensed premises, except that:

1. No person licensed under Article 46, Article 47, and Article 48 of Title 12, nor any employee or agent of such person licensed under these Articles shall engage in or permit any person to perform acts of or acts which simulate:

   a. Sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation or any sexual acts which are prohibited by law.

   b. The touching, caressing or fondling of the breasts, buttocks, anus or genitals.

   c. The displaying of pubic hair, anus, vulva or genitals.

2. No licensee nor any employee or agent of such licensee shall engage in or permit any person to use artificial devices or inanimate objects to depict any of the prohibited activities described above.

3. No licensee nor any employee or agent of such licensee shall engage in or permit any person to remain in or upon the licensed premises who exposes to public view any portion of his or her genitals or anus.

4. No licensee nor any employee or agent of such licensee shall wear or use any device or covering of any kind that exposes or simulates the breasts, genitals, anus, pubic hair or other portion thereof.

D. Visual displays.

No person licensed under Article 46, Article 47, and Article 48 of Title 12, nor any employee or agent of such person licensed under these Articles, shall engage in or permit on the licensed premises the showing of film, still pictures, electronic reproduction, or other visual reproductions depicting:

1. Acts or simulated acts of sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation or any sexual acts which are prohibited by law.

2. Any person being touched, caressed or fondled on the breasts, buttocks, anus or genitals.

3. Scenes wherein a person displays the vulva or the anus or the genitals.

4. Scenes wherein artificial devices or inanimate objects are employed to depict, or drawings are employed to portray, any of the prohibited activities described above.

E. Local ordinances.

This regulation shall not be deemed to authorize or permit any conduct, behavior or attire on licensed premises which is otherwise prohibited by any city or county ordinances.

Regulation 47-902. Sanitary Requirements.

Each retail licensee selling alcohol beverages for consumption on the premises, shall maintain its establishment in clean and sanitary condition and in full compliance with the requirements of food service establishments under the supervision of the State Board of Health. If the licensed establishment is a restaurant licensed by the State Board of Health, it shall maintain such license in full force and effect at all times while selling such beverages for consumption therein.

Regulation 47-904. Product Labeling, Substitution, Sampling and Analysis.

A. No licensee, for the sale of alcohol beverages for consumption on the premises where sold, shall maintain thereon any container of alcohol beverage which contains any such substance other than that contained at the time such container was received by or delivered to the licensee.

B. No licensee, for the sale of alcohol beverages for consumption on the premises where sold, shall substitute one brand, type, or alcohol content of alcohol beverages for that which has been specifically requested by a customer, unless the customer expressly consents to the substitution.

C. Excepting manufacturers, no licensee shall refill or permit the refilling of any alcohol beverage container with alcohol beverage or reuse any such container by adding distilled spirits or any substance, including water, to the original contents or any portion of such original contents. There shall be no prohibition against the use of carafes, pitchers or similar serving containers.

D. If sampling, analysis or other means shall establish that any such licensee has upon the licensed premises any bottle or other container which contains alcohol beverage of a different brand, type, or alcohol content than that which appears on the label thereof, such licensee shall be deemed to have violated this regulation.

E. All licensees for the sale of alcohol beverages for consumption on the premises where sold shall, upon request of the Department of Revenue, Liquor Enforcement Division or any of its officers, make available to the person so requesting a sufficient quantity of such alcohol beverage to enable sampling or analysis thereof. The licensee shall be notified of the results of the sampling or analysis without delay.

F. The manufacturer or importer of any alcohol beverage product sold in Colorado must register said product with the Liquor Enforcement Division prior to the date of the product's initial intended date of sale. Alcohol beverages sold in Colorado must have first obtained either a "Certificate of Label Approval" or a "Certificate of Exemption" from the Alcohol and Tobacco Tax and Trade Bureau ("TTB").

G. The manufacturer or importer of alcohol beverage products that have obtained a TTB "Certificate of Exemption" are required upon request to certify that their product's label will comply with TTB labeling criteria as found in the "Federal Alcohol Administration Act" 27 CFR Subchapter A - Liquor Part 4, Subpart D; Part 5, Subpart D; and Part 7, Subpart C.

Material incorporate by reference in this rule does not include later amendments to or editions of the incorporated material. Copies of the material incorporated by reference may be obtained by contacting the Director of the Colorado Liquor Enforcement Division of the Department of Revenue, 1881 Pierce Street, Suite 108A, Lakewood, Colorado Tel: 303-205-2300, and copies of the material may be examined at any state publication depository library.

Regulation 47-905. Colorado Wineries – Labeling and Records

A. A Colorado winery must include on the labels of all grape wines, even those exempted from approval by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB), information identifying the appellation of origin such as country, state, province, county or viticultural area.

B. A Colorado winery using the words "Colorado grown" on a label shall use only 100% Colorado grown grapes, fruit or other agricultural products in the manufacture of that labeled vinous liquor.

C. Honey wine, mead or any vinous liquor the alcoholic content of which is primarily obtained from fermented honey shall not be subject to paragraph 1 of this regulation, 47-905, except that the use of the phrase "Colorado grown" shall require that all honey and any other agricultural products used to manufacture or flavor the wine must be grown, gathered or harvested within Colorado.

D. A Colorado winery shall maintain records of the purchase and harvest of agricultural produce used in the manufacture of each of its vinous liquors. Such records shall be sufficient to verify the source of agricultural produce used in the manufacture of vinous liquors. These records shall be available for inspection by the Liquor Enforcement Division for a period of three years after the first sale of each vinous liquor, or longer if required by other applicable statutes or regulations.

E. Any stock of printed labels in the possession of a winery prior to this regulation taking effect shall be exempt from these regulations until such time as that stock of printed labels is depleted. Neither this paragraph nor any other provision in this regulation shall be construed to supersede any more stringent statute or regulation. More specifically, labels exempted from this regulation under this paragraph are in no way exempt from complying with any and all applicable federal wine labeling requirements.

F. A Colorado limited winery shall, on or before February 28, annually declare on a form provided by the Liquor Enforcement Division that it did not manufacture more than 100,000 gallons of vinous liquor in the preceding calendar year.

Regulation 47-906. Container Size

A. No manufacturer or wholesaler shall sell or deliver any vinous or spirituous liquors to any Colorado licensed retailer licensed for the sale of alcohol beverages for consumption on the premises in any container prohibited by this regulation.

B. No Colorado licensed retailer licensed under Article 47 for the sale of alcohol beverages for the consumption on the premises shall purchase or have in its possession upon or about the licensed premises spirituous liquor of over fourteen (14) percent alcohol by volume in any container of less than one-fifth (1/5) of a gallon capacity, or vinous liquors of over fourteen (14) percent alcohol by volume in any container of less than twenty-four (24) ounce capacity, and no vinous or spirituous liquors, regardless of alcohol content, shall be purchased or possessed on the licensed premises in any flat or flask-shaped container of less than twenty-four (24) ounce capacity. The provisions of this subsection B, shall not apply to an aggregate package of alcohol beverages that are, upon final packaging and sale to a retailer, at least 750 ml in aggregate, and provided that the individual containers within the aggregate package are opened by the licensee prior to serving consumers, and that neither the seal nor any other device that

can be used to seal the container is provided by the licensee to the consumer.

C. The provisions of subsection B, herein above, shall not apply to any retailer licensed as a public transportation system pursuant to Article 47. However, no person licensed as a public transportation system shall purchase or possess on the licensed premises any vinous or spirituous liquors in any flat or flask-shaped container less than twenty-four (24) ounce capacity. In addition, no person licensed as a public transportation system shall sell or serve any vinous or spirituous liquor to any person except in an open container, or in a container which has had the lid, top, cork, or seal broken open or removed.

D. The provisions of subsection B, herein above, shall not apply to containers of any size in hotel guest rooms nor shall it prohibit any hotel and restaurant licensee including an optional premise licensee, from purchasing or possessing for sale to customers, for on-premise consumption only, any container which is not less than 1.7 fluid ounce capacity; provided, however, the licensee must open the lid, top or cork, break and remove the seal, and pour the contents of the container into a serving glass or other serving container. The customer may retain the empty container as a souvenir.

E. The alcohol beverage containers referred to in paragraphs B, C, and D of this regulation shall include all alcohol beverages marketed in the nearest metric equivalent measure container.

Regulation 47-908. Automatic and Electronic Dispensing Systems.

The installation of automatic and electronic dispensing systems by on-premises consumption licensees is authorized provided that the following requirements are complied with:

A. Such equipment must avoid an in-series hook-up which would permit the contents of vinous and spirituous liquor bottles or containers to flow from bottle to bottle before reaching the dispensing spigot or nozzle. Such equipment shall not permit intermixing of different brands, or differently labeled types, of the same kind of alcohol beverages within the dispensing systems.

B. Where any part of such installation is within a locked area, upon demand to the licensee, such area shall be made available for inspection without delay; and upon request by an authorized representative of the licensing authority, or peace officers, such licensees shall open said area for inspection.

C. Such equipment shall not be coin operated and shall be operated personally and directly only by the licensee or employees thereof.

D. No alcohol beverage shall be sold, served or dispensed from such system equipment unless the brand names of the manufacturer's product, corresponding to the container from which the alcohol beverage is drawn, are conspicuously posted and visible to the customer; or are imprinted on a card, sign or plate, and are visible to the public.

E. The installation of such equipment without compliance with any of the foregoing requirements shall constitute good and sufficient cause for the suspension, cancellation or revocation of the license.

Regulation 47-910. Consumption Prohibited.

No retail licensee shall permit the consumption of any alcohol beverages on the licensed premises at any time during such hours as the sale of such beverages is prohibited by law.

Regulation 47-912. Identification.

A. Licensees may refuse to sell alcohol beverages to any person unable to produce adequate, currently valid identification of age. As long as it contains a picture and date of birth, the kind and type of identification deemed adequate shall be limited to the following:

1. An operator's, chauffeur's or similar type driver's license issued by any state within the United States, any U.S. Territory, or any foreign country including Canada or Mexico.

2. An identification card issued by any state for the purpose of proof of age as in accordance with C.R.S. 42-2-302 and 42-2-303.

3. A military identification card.

4. A passport, or passport identification card.

5. An alien registration card.

6. A valid employment authorization document issued by the U.S. Department of Homeland Security.

7. A valid consular identification card from any foreign country.

B. It shall be an affirmative defense to any administrative action brought against a licensee for alleged sale to a minor if the minor presented fraudulent identification of the type established in paragraph A above and the licensee possessed an identification book issued within the past three years, which contained a sample of the specific kind of identification presented for compliance purposes. As an affirmative defense, the burden of proof is on the licensee to establish by a preponderance of the evidence that the minor presented fraudulent identification.

Regulation 47-913. Age of Employees.

This regulation provides guidance as to the acceptable age of employees employed in the manufacture, sale, and/or distribution of alcohol beverages. However, nothing herein shall authorize a licensee to permit an employee under the age of eighteen (18) to sell or serve alcohol beverages under any circumstances, nor to permit a person at least eighteen (18) of age but less than twenty-one (21) years of age to possess alcohol beverages except as part of the person's employment responsibilities authorized herein.

A. Liquor stores (pursuant to section 12-47-407, C.R.S.) and liquor-licensed drug stores (pursuant to section 12-47-408, C.R.S.):

1. Employees or agents of the licensee who are at least twenty-one (21) years of age may handle and otherwise act with respect to malt, vinous, and spirituous liquors in the same manner as that person does with other items sold at retail and may sell such alcohol beverages or check identification of the customers of the retail outlet.

2. Employees or agents of the licensee who are at least eighteen (18) years of age may handle and otherwise act with respect to malt, vinous, and spirituous liquors in the same manner as such person would with other items sold at retail, as long as they are under the direct supervision of a person who is at least 21 years of age. However, persons under the age of 21 shall not sell malt, vinous, or spirituous liquors or check identification of the customers of the retail outlet.

B. 3.2% beer licensees (On-premises, Off-premises, and On/Off Premises) and 3.2% special event permit holders:

1. Employees or agents of the licensee who are at least eighteen (18) years of age may handle and otherwise act with respect to fermented malt beverages in the same manner as such person would with other items sold at

retail, without the supervision of persons who are at least twenty-one (21) years of age, including the sale of fermented malt beverage and checking identification of the customers of the retail outlet.

C. Retailers licensed for on-premises consumption pursuant to article 47 of title 12, C.R.S. and special event permit holders:

1. Employees or agents of the licensee who are at least twenty-one (21) years of age may handle and otherwise act with respect to alcohol beverages in the same manner as that person does with other items sold at retail and may sell such alcohol beverages or check identification of the customers of the retail outlet.

2. Employees or agents of the licensee who are at least eighteen (18) years of age may handle and otherwise act with respect to alcohol beverages in the same manner as such person would with other items sold at retail, as long as they are under the direct supervision of a person who is at least 21 years of age; except that, employees or agents of licensed taverns where meals are not regularly served must be twenty-one (21) years of age.

D. Wholesalers and manufacturers licensed pursuant to article 47, of title 12, C.R.S.

1. Employees or agents of the licensee who are at least twenty-one (21) years of age may handle and otherwise act with respect to alcohol beverages liquors in the same manner as that person does with other items sold at wholesale and may sell and/or deliver such alcohol beverages to retail outlets.

2. Employees or agents of the licensee who are at least eighteen (18) years of age may handle and otherwise act with respect to alcohol beverages in the same manner as such person would with other items sold at wholesale, as long as they are under the direct supervision of a person who is at least 21 years of age. However, persons under the age of 21 shall not sell malt, vinous, or spirituous liquors or check identification of the customers of the retail outlet.

Regulation 47-914. Unlicensed Possession of Beverages.

No licensee shall possess, maintain or permit the possession, on the licensed premises, of any alcohol beverage which it is not licensed to sell or possess for sale.

Regulation 47-916. Advertising.

No licensee for the sale or distribution of malt, vinous or spirituous liquor shall, upon or in proximity to, or referring to the licensed premises, use, advertise or exhibit, or permit to be used, published or exhibited, any sign, advertisement, display, notice, symbol or other device which advertises, indicates, implies or infers an alcohol content of alcohol beverages sold, distributed or dispensed upon such premises, of an amount or percentage greater or lesser than the actual alcohol content of such beverages.

Regulation 47-918. Removal of Alcohol Beverages from Premises.

A. Other than those licensees described in Section 12-47-421(2)(A), who may permit a patron to reseal a partially consumed bottle of vinous liquor (not to exceed 750 ml) which was originally sold for on premises consumption; no licensee, manager or agent of any establishment licensed for on-premises consumption shall knowingly or recklessly permit the removal from the licensed premises of any alcohol beverages in sealed or unsealed containers.

1. Licensees that post signs as specified in Section 12-47-901(9)(a)(II)(A), C.R.S., must post the signs at all exits in a location that can be easily identified and read by patrons using those exits.

2. Regardless of whether a licensee posts a sign as specified in Section 12-47-901(9)(a)(II)(A), C.R.S., the licensee may be charged with knowingly permitting the removal of an alcohol beverage from the licensed premises if the licensee shows reckless disregard for the prohibition against alcohol beverage removal from the licensed premises, which may include permitting the removal of an alcohol beverage from the licensed premises three times within a twelve-month period, regardless of whether the three incidents occur on the same day or separate days. A licensee may be charged with knowingly permitting the removal of an alcohol beverage from the licensed premises upon the third occurrence of alcohol beverage removal from the licensed premises.

B. Licensees described in paragraph A of this regulation who permit a patron to remove a partially consumed bottle of vinous liquor shall reseal the bottle with a cork or other commercially manufactured stopper.

C. Patrons transporting a partially consumed bottle of vinous liquor in a motor vehicle shall comply with the requirements of 42-4-1305, C.R.S.

Regulation 47-920. Solicitation of Drinks.

A. No licensee, manager or agent shall employ or permit upon any premises licensed for on-premises consumption, any employee, waiter, waitress, entertainer, host or hostess to mingle with patrons and personally beg, procure, or solicit the purchase or sale of drinks or beverages for the use of the one begging, procuring or soliciting or for the use of any other employee.

B. No licensee, manager or agent shall permit upon any licensed on-sale premises anyone to loiter in or about said premises who solicits or begs any patron or customer of, or visitor in, such premises to purchase any drinks or beverages for the one soliciting or begging.

Regulation 47-922. Gambling.

A. Activities prohibited.

1. No person licensed under Article 46, Article 47 and Article 48 of Title 12 to sell at retail shall authorize or permit on the licensed premises any gambling, or use of any gambling machine or device, or the use of any machine which may be used for gambling, except as specifically authorized for a racetrack, pursuant to Article 60 of Title 12 C.R.S., or for limited gaming, pursuant to Article 47.1 of Title 12 C.R.S.

2. No person licensed under these Articles shall authorize or permit on the licensed premises the holding of any lottery, except as authorized by Part 2 of Article 35 of Title 24, C.R.S. 1973 and any rules and regulations promulgated thereunder. Nothing in this regulation shall be deemed to prohibit the conducting of games of chance authorized by the bingo and raffles law (Article 9 of Title 12, C.R.S. 1973).

B. Equipment prohibited.

No person licensed under Article 46, Article 47 and Article 48 of Title 12 to sell at retail shall authorize, permit or possess on the licensed premises any table, machine, apparatus or device of a kind normally used for the purpose of gambling, except as specifically authorized and when licensed for limited gaming, pursuant to Article 47.1 of Title 12 C.R.S. Prohibited equipment shall include video poker machines and other devices, defined either as slot machines pursuant to C.R.S. 12-47.1-103(26) and/or gambling devices pursuant to C.R.S. 18-10-102.

C. Equipment permitted.

1. Nothing in this regulation shall be deemed to prohibit the use of bona fide amusement devices, such as pinball machines or pool tables, provided however that such devices do not and cannot be adjusted to pay anything of value, and that such devices are not used for gambling, as defined in C.R.S. 18-10-102, as the same may be amended from time to time.

2. A licensee is permitted to conduct, on its licensed premises, tournaments or competitions involving games of skill as permitted by C.R.S. 18-10-102(2)(a), including the awarding of prizes or other things of value to participants, in connection with the use or operation of devices such as and including, but not limited to:

    a. Pool tables
    b. Billiard tables
    c. Pinball machines
    d. Foosball machines
    e. Basketball games
    f. Air hockey games
    g. Shuffleboard games
    h. Dart games
    i. Bowling games
    j. Golf Games

3. Licensees will not be considered in violation of this regulation if they permit on their licensed premises card or similar games of chance to be played between natural persons whereas no person is engaging in gambling as defined by C.R.S. 18-10-102(2).

D. Inspections and records.

1. Licensees shall keep a complete set of records, including operating manuals, concerning any game machine or device maintained on their licensed premises. Licensees who do not own their machines or devices shall be required to maintain a copy of their current contract with the vendor. This contract at a minimum shall detail the division of profits between the parties and how monies will be accounted for, including the payment of any monies, credits, or any other thing of value to customers of the licensee. Copies of any outstanding notes or loans between the parties must also be maintained by the licensee.

2. Licensees shall make available without delay to agents of the state or local licensing authority access to the interiors of any machine or device maintained upon the licensed premises to assist in the determination of whether or not said machine or device is permitted or prohibited equipment.

Regulation 47-924. Importation and Sole Source of Supply/Brand Registration.

A. Before any person, firm, company, partnership, or corporation ships any alcohol beverages into the State of Colorado, each such entity shall be properly licensed by the state licensing authority. The only exceptions to licensing for importation may be found under 12-47-104 and 12-47-106, C.R.S.

B. At least thirty (30) days prior to the sale or shipment of any alcohol beverages into the State of Colorado, each licensed manufacturer, non-resident manufacturer or importer shall submit to the state licensing authority a complete report, on forms prepared and furnished by the state licensing authority, which shall detail: the licensee's name and license number; the designated Colorado licensed wholesaler(s); the name of the United States primary source of supply; the products to be imported, including the brand name, class or type, and fanciful name; and evidence of compliance with federal labeling requirements found in the " Federal Alcohol Administration Act " 27 CFR Subchapter A-Liquors Part 4, Subpart D; Part 5, subpart D; and Part 7, Subpart C. The import licensee, if not the product manufacturer, shall also include with said form a separate letter from the primary source of supply

designating such import licensee as the primary source in the United States or the sole source of supply in Colorado. A separate form is required for each primary source. Each non-resident manufacturer, manufacturer and importer shall also remit with said form the appropriate brand registration and/or sole source fee(s). A separate sole source fee is required for each primary source that an importer represents.

C. Should the primary source of supply change its designated licensed importer, the newly designated licensed importer is required to submit the same information described in paragraph B of this regulation on required forms thirty (30) days prior to shipment of any alcohol beverages. The newly designated importer shall also remit the appropriate sole source and brand registration fees with said form.

Material incorporated by reference in this rule does not include later amendments to or editions of the incorporated material. Copies of the material incorporated by reference may be obtained by contacting the Director of the Colorado Liquor Enforcement Division of the Department of Revenue, 1881 Pierce Street, Suite 108A, Lakewood, Colorado Tel: 303-205-2300, and copies of the material may be examined at any state publication depository library.

Regulation 47-926. Interference with Officers.

No licensee or person shall by force or threat of force, including any letter or other communication threatening such force, endeavor to intimidate, obstruct or impede inspectors of the Liquor Enforcement Division, their supervisors or peace officers from exercising their duties under the provisions of this article. The term "threat of force" includes the threat of bodily harm to the officer or to a member of his/her family.

Regulation 47-930. Testing of Alcohol Content – Malt Liquor and Fermented Malt Beverage.

All licensees for the sale of malt liquor and fermented malt beverage shall, upon request of the Department of Revenue, Liquor Enforcement Division, make available a sufficient quantity of such malt liquor or fermented malt beverage to enable sampling or analysis thereof. The licensee shall be notified of the results of the sampling or analysis without delay.

Regulation 47-1000. Qualifications for Special Event Permit.

Organizations qualifying for special events permit are described as follows:

A. Organizations that are incorporated under the laws of this state for nonprofit purposes, including but not limited to, for social, fraternal, patriotic, political, educational or athletic purposes, and not for pecuniary gain.

B. Local governmental entities, including special districts.

C. Any non-profit or charitable organization that is incorporated or registered with the Colorado secretary of state.

D. A regularly chartered branch, lodge, or chapter of a national organization or society organized for such purposes and being non-profit in nature.

E. A regularly established religious or philanthropic institution.

F. A state institution of higher education, to include each principal campus of such institution.

G. Any political candidate who has filed the necessary reports and statements with the secretary of state pursuant to article 45 of title 1, C.R.S. political as used in article 48 of title 12, shall mean any political organization as defined in section 1-1-104, C.R.S. However, no permit shall be required for those individuals or candidates campaigning or

running for public office and who sponsor fund raising activities when such activities are held in a private residence and there is no cash bar in operation.

Regulation 47-1002. Application for Special Event Permit.

A. Applications for special event permit shall be made on forms provided by the local or state licensing authority and verified by oath or affirmation of an officer, or a duly appointed designee, of the applicant organization.

B. A local authority may elect not to notify the state licensing authority for the purpose of obtaining the state licensing authority's approval or disapproval of an application for special event permit. Any local authority electing not to notify the state licensing authority shall promptly act upon each application for special event permit.

   1. The local licensing authority acting as the sole reviewer of the application shall report to the Liquor Enforcement Division, within ten (10) days from issuance of a permit, the name of the permitted organization, the address of the permitted location, and the permitted dates of alcohol beverage service.

   2. The Liquor Enforcement Division shall maintain on its public website the statewide permitting activity, which the local authority shall review prior to its approval and issuance of permits in order to ensure compliance with section 12-48-105(3), C.R.S. regarding the maximum number of permits that may be issued to an organization each calendar year.

C. Applications shall be filed with the local licensing authority not less than thirty (30) days prior to the date of the special event. The respective local licensing authority shall investigate each special event permit application, and shall either approve or deny such application upon proper grounds in accordance with the provisions of article 48 of title 12, C.R.S.

D. If a local licensing authority elects to notify the state licensing authority for the purpose of obtaining the state licensing authority's approval or disapproval of an application for special event permit, the permit application shall be accompanied by the applicable state permit fees and shall be submitted to the state licensing authority not less than ten (10) days prior to the date of the event.

G. The state or local licensing authority, for good cause, may waive the time requirements set forth in this regulation, but may not waive any time requirements specified in article 48 of title 12, C.R.S.

H. The holder of any type of special event permit issued by either licensing authority, shall post such permit upon the premises covered by such permit and any authorized non-contiguous storage areas, and it shall produce evidence of the permit to any law enforcement officer,

Regulation 47-1004. Special Event Permit – Non-transferable.

A. The special event permit issued by the local or state licensing authority for a specific date and location, as properly described in the application for such permit, is non-transferable. Such permit is not valid for any other date or location unless the local licensing authority published notice of, and considered, other alternate dates or locations in the event of inclement weather, etc.

B. The special event permit cannot be transferred to any other organization, nor may any other person or organization exercise the privileges of said permit, directly or indirectly.

Regulation 47-1006. Special Event Permit - Application on School Property.

No application for the issuance of a special event permit for the sale of malt, vinous or spirituous liquors shall be received or acted upon where the premises upon which the alcohol beverage is to be sold is located within five hundred feet of any public or parochial school or the principal campus of any college, university or seminary, which distance is to be measured as set forth in the liquor code or related regulations, provided such restriction shall not be imposed during

those hours in which no school classes are scheduled.

Regulation 47-1008. Special Event Permit – Private Residence: Multiple Use.

Upon filing of satisfactory evidence with the local licensing authority, an organization qualifying under article 48 of title 12, C.R.S. may obtain a single permit with duplicate copies for a particular event if such event is to be conducted in a series of separate private residences, provided such residences are in the same neighborhood and local licensing jurisdiction and the application contains the specific description or address of each of the proposed residential premises. Said permit shall not be valid for any other locations and shall be subject to the time restriction set forth in articles 46, 47, and 48 of title 12, C.R.S. Nothing herein shall permit the operation of a cash bar at any of the specified locations.

Regulation 47-1010. Special Event Permit - Possession of Beverages.

A. No permittee shall allow the sale, possession, or consumption of any beverages on the licensed premises when the sale, possession or consumption of such beverages is prohibited by the permit.

B. No person shall possess or consume on the licensed premises any beverage other than that allowed by the type of special events permit as issued.

C. Permittees may sell licensed beverages by the drink only to persons for consumption on the licensed premises only.

Regulation 47-1012. Special Event Permit – Permitted Age of Servers.

A. No person under eighteen (18) years of age may sell, serve, dispense or distribute alcohol beverages.

B. A person who is between eighteen (18) and twenty (20) years of age may sell and dispense alcohol beverages when said person is under the direct supervision of a person who is at least twenty-one (21) years of age.

Regulation 47-1014. Special Event Permit - Complaint against Permittee-Cancellation-Revocation of Permit.

Whenever a written complaint is filed with the state or local licensing authority or shall otherwise come to the attention of the licensing authority, that a violation of the provisions of article 48 occurred, and the special event permittee, its agents, employees, or its members, violated the provisions of articles 46, 47, or 48, of title 12, C.R.S., upon proper investigation of such charges the licensing authority may upon notice and hearing, suspend or revoke such special event permit and may further order the denial of future applications for another special event permit to be submitted by the same organization.

Regulation 47-1016. Special Event Permittee - Purchase and Storage of Alcohol Beverages.

Special event permittees may purchase the kinds of alcohol beverages they are authorized by such permits to sell from a licensed wholesaler, brewpub, limited winery, vintner's restaurant, retail liquor store, or liquor-licensed drugstore.

Permit holders may store alcohol beverage stock in areas outside the designated event area approved by the respective licensing authorities under the following conditions:

A. The application included the address of proposed storage locations and a diagram of said premises.

B. The application included evidence of the permit holder's lawful possession of the storage premises by way of deed, lease, rental, or other arrangement and specifying the terms of storage.

C. The proposed location is not a location licensed pursuant to articles 46 or 47 of title 12, C.R.S.

D. The applicant acknowledges that state and local law enforcement authorities have the right of inspection of each storage area that is used for permitted events.

E. The applicant acknowledges that storage areas may only be maintained in anticipation of scheduled events. Nothing herein shall authorize long-term storage of alcohol beverages that have no nexus to events.

Regulation 47-1018. Special Event Permittee - Supplier Financial Assistance.

Licensed suppliers may furnish financial support and/or services to organizations, as defined by article 48 of title 12, C.R.S. that qualify for a special events permit. Support shall be in connection with public service or non-profit fund raising activities including, but not limited to, events such as: fairs, sporting events, agricultural exhibitions, educational clinics, concerts, and other similar events. A supplier may furnish or share the cost of advertisements, signs, promotional materials and items of a similar nature used in connection with a non-profit special events permit. Support shall not be conditioned, directly or indirectly, upon the present or future purchase of an alcohol beverage or fermented malt beverage or the exclusive sale of a supplier's product at such events.

Regulation 47-1020. Alcohol Beverage Donations.

A. For purposes of this regulation, "wholesaler" means an entity licensed to sell alcohol beverages at wholesale to special event permit holders, including wholesalers of malt liquor and fermented malt beverages, wholesalers of vinous and spirituous liquors, limited wineries, brewpubs, and vintner’s restaurants.

B. A wholesaler may donate alcohol beverages to a special event permittee at no cost if such beverages are used for hospitality or fund raising purposes. The wholesaler shall provide an invoice documenting the donation of such products to the permittee and shall ensure that all applicable state excise taxes are paid pursuant to section 12-47-503, C.R.S.

C. Nothing herein shall prohibit a retailer licensed for off-premises consumption to make a donation of alcohol beverage to a special event permit holder, as long as such donation is taken from the retailer’s existing inventory.

D. Wholesalers and retailers licensed for off-premises consumption may make a donation of alcohol beverages to organizations that would otherwise qualify for a special events permit but are exempted under section 12-48-108, C.R.S. The wholesaler shall provide an invoice documenting the donation of such products to the organization and shall ensure that all applicable state excise taxes are paid pursuant to section 12-47-503, C.R.S. However, nothing herein shall authorize a wholesale licensee to deliver such alcohol beverages to premises that are not licensed pursuant to articles 46 or 47 of title 12, C.R.S.

E. When an event, for which the alcohol donations are solicited, is held at a retail location licensed for on-premises consumption pursuant to article 46 or 47 of title 12, the wholesaler shall invoice the retailer at no cost for alcohol beverage products intended for the event, if the retail licensee consents to such an arrangement. Any such donated product which is unused must be returned by the retailer to the wholesaler as soon as practicable after the event. If the unused product is not returned, then the wholesaler must charge the retailer at least the minimum of cost for those products.