

BILL SUMMARY

2024 Independent Liquor Store & On-Premise Retailer Legislation Rep. Amabile, Rep. Ricks, Speaker McCluskie -- Sen. Roberts & Sen. Will

1. Phase out of the Liquor Licensed Drug Store License (LLDS license):

After being threatened with a \$30M ballot measure by the out-of-state big-box and grocery chains in 2016, Colorado's 1600+ liquor stores negotiated and agreed to the "Grand Compromise" (SB16-197 & SB18-243), which the majority of grocery stores supported. The agreement allowed grocery & convenience stores to sell full-strength beer in 2019 and begin selling wine & hard-alcohol by expanding the number of "Liquor Licensed Drug Stores" (LLDS) in a phased-in manner. Unfortunately, in 2022 the out-of-state grocery & c-stores chains and other national interests, spent \$30M on (3) ballot measures to gut this legislative agreement.

Only Prop. 125 narrowly passed with 51% of the vote (failing in 47 of 64 Counties), which allowed all grocery & c-stores to immediately sell wine, which has had a devastating impact on CO's independent liquor stores, local economies, commercial real estate and alcohol safety. In addition, Prop. 125 has also negatively impacted the vast majority of CO's craft spirits and craft beers, since CO's independent liquor stores are their only sales channel and will never be carried by the national grocery chains. Therefore, since the out-of-state grocery stores abandoned the legislative agreement and chose to not include the sale of hard-alcohol in grocery stores in their Prop. 125 ballot measure, and since voters strongly defeated Prop. 124 in 2022 that would have allowed "chain liquor stores," this 2024 legislation will phase out the current (28) out-of-state LLDSs that sell beer/wine/spirits.

- On 1/1/25, all LLDS licenses will automatically convert to a "Beer & Wine license" which all other grocery stores were issued in March 2022 after Prop. 125 passed.
- Beginning 1/1/25:
 - **ALL grocery stores & convenience stores will sell: Beer & Wine**
 - **ALL local liquor stores will sell: Beer, Wine & Spirits**

2) Prevent "Below Cost Sales" - Unfair Labor Practices - Limit Unsafe Alcohol displays:

Due to community safety concerns over irresponsible alcohol sales and for anti-competitive reasons, current law prohibits retailers from selling alcohol below the cost they purchase it from a wholesaler. Out-of-State grocery and c-store chains have been subverting this law by using discriminatory pricing, coupons, and other incentives. In addition, the big-box & grocery chains are leveraging national purchasing agreements with out-of-state wholesalers and forcing wholesalers to provide big-box & grocery chains free daily labor which gives these chain stores a significant and unfair advantage over Colorado's local independent liquor stores. Finally, big-box & grocery stores are displaying alcohol storewide on nearly every aisle and endcap which has raised serious safety, theft and alcohol abuse concerns.

- The bill provides stronger, definitive language prohibiting below cost sales, and other discriminatory allocation and pricing practices and allows the LED to recover its costs for violation enforcement.
- Requires all alcohol products to be handled, stocked and displayed by an employee of the “Beer & Wine” licensee.
- Requires all “Beer & Wine” Licensees to display alcohol in a single retail floor location.

3. **Remove Outdated Retail-to-Retail Purchase Caps and Delivery Prohibitions:**

Currently, “on-premise” licensees (restaurants, taverns, etc.) are prohibited from purchasing more than \$2,000 of alcohol **annually** from a local retail liquor store or from receiving delivery from a liquor store. Liquor stores are also prohibited from selling/delivering to other liquor stores.

Due to the limited staffing, supply-chain issues, weather and other distribution problems impacting alcohol wholesalers, many Colorado restaurants and bars are forced to wait 7, 10, sometimes 14 days for a wholesaler to deliver certain alcohol products. In addition, restaurant experience unexpected circumstances such as bottles breaking, selling out of certain alcohol products, etc. that need to be addressed quickly. Having to wait days or weeks for a product to be replaced or restocked has an immediate negative impact on local restaurants who, when necessary, need to be able to purchase select alcohol products from their local liquor store.

Allowing CO restaurants, bars & taverns to periodically purchase alcohol products from their local retail liquor store **will still maintain CO’s “3-Tier System”** (manufacturers, wholesalers, retailers). All alcohol products in CO will continue to be delivered from an alcohol manufacturer to CO restaurants and liquor stores by a licensed wholesaler, however, when necessary, local restaurants will be able to purchase alcohol products from their local liquor stores which will help two critical local business sectors.

- The bill removes the outdated and problematic \$2,000 cap on alcohol purchases & delivery between an “on-premise” retailer (ie. restaurants) a retail liquor store.

COLORADO INDEPENDENT LIQUOR STORES UNITED, representing the State’s 1600+ local, independent, family-owned retailers who are a vital part of their communities, reinvest in their local economies and help Colorado’s craft beer and spirits succeed.

Politicalworks:

Scott Chase (303-324-1121)
 Travis Berry
 Kelli Kelty
 Jake Clark