

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

DRAFT

LLS NO. 25-0138.01 Brita Darling x2241

SENATE BILL

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Ricks and Weinberg, Bacon, Bird, Boesenecker, Brown, Clifford, Mabrey, McCluskie, McCormick

Senate Committees

House Committees

A BILL FOR AN ACT

101 **CONCERNING LIMITATIONS ON LIQUOR-LICENSED DRUGSTORE**
102 **LICENSES.**

Bill Summary

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

On and after the effective date of the bill, the bill prohibits the state and local licensing authorities (licensing authorities) from issuing a new liquor-licensed drugstore license (license). Licensing authorities may continue to renew existing licenses.

A person holding a license (licensee) is prohibited from changing the location of, merging, selling, converting, or transferring a license; except that a licensee that holds a license that was issued to an

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

independent pharmacy before January 1, 2025, shall not, on or after the effective date of the bill, change the location of or merge or convert the license but may sell or transfer the license to another licensee that is an independent pharmacy that holds a license or to a person that does not already have a license.

The bill prohibits an owner, part owner, shareholder, or person interested directly or indirectly in a liquor-licensed drugstore from having an interest in more than 8 licenses.

Sections 3 through 7 of the bill make conforming amendments to account for the new restrictions on the license.

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

2 **SECTION 1.** In Colorado Revised Statutes, 44-3-103, **add** (21.3)
3 as follows:

4 **44-3-103. Definitions.** As used in this article 3 and article 4 of
5 this title 44, unless the context otherwise requires:

6 (21.3) "INDEPENDENT PHARMACY" MEANS A PRESCRIPTION DRUG
7 OUTLET PRIVATELY OWNED BY AT LEAST ONE LICENSED PHARMACIST WITH
8 NO OWNERSHIP INTEREST BY OR AFFILIATION WITH A CHAIN OR PUBLICLY
9 OWNED PHARMACY.

10 **SECTION 2.** In Colorado Revised Statutes, 44-3-410, **amend**
11 (1)(a) and (7); **repeal** (1)(b), (4)(b)(IV), (4)(b)(V), and (4)(c); and **add**
12 (4)(b)(VI) and (8) as follows:

13 **44-3-410. Liquor-licensed drugstore license - multiple licenses**
14 **permitted - license renewals - independent pharmacies -**
15 **requirements - rules.** (1) (a) ~~(f)~~ A liquor-licensed drugstore license ~~shall~~
16 ~~be~~ IS issued to persons selling malt, vinous, and spirituous liquors in
17 sealed containers not to be consumed at the place where sold. On and
18 after ~~July 1, 2016, except as permitted under subsection (1)(b) of this~~
19 ~~section~~ THE EFFECTIVE DATE OF THIS SECTION, AS AMENDED, the state and
20 local licensing authorities shall not issue a ANY new liquor-licensed

1 drugstore license if the licensed premises for which a liquor-licensed
2 drugstore license is sought is located: LICENSES.

3 (A) ~~Within one thousand five hundred feet of a retail liquor store
4 licensed under section 44-3-409;~~

5 (B) ~~For a drugstore premises located in a municipality with a
6 population of ten thousand or fewer, within three thousand feet of a retail
7 liquor store licensed under section 44-3-409; or~~

8 (C) ~~For a drugstore premises located in a municipality with a
9 population of ten thousand or fewer that is contiguous to the city and
10 county of Denver, within one thousand five hundred feet of a retail liquor
11 store licensed under section 44-3-409.~~

12 (H) ~~Nothing in this subsection (1) prohibits:~~

13 (A) ~~The renewal or transfer of ownership of a liquor-licensed
14 drugstore license initially issued prior to July 1, 2016.~~

15 (B) ~~A liquor-licensed drugstore licensee from allowing tastings on
16 the licensed premises if the applicable local licensing authority has
17 authorized the liquor-licensed drugstore to conduct tastings on its licensed
18 premises in accordance with section 44-3-301 (10).~~

19 (b) (f) ~~On or after January 1, 2017, to qualify for an additional
20 liquor-licensed drugstore license under this section, a liquor-licensed
21 drugstore licensee, or a retail liquor store licensee that was licensed as a
22 liquor-licensed drugstore on February 21, 2016, must apply to the state
23 and local licensing authorities, as part of a single application, for a
24 transfer of ownership of at least two licensed retail liquor stores that were
25 licensed or had applied for a license on or before May 1, 2016, a change
26 of location of one of the retail liquor stores, and a merger and conversion
27 of the retail liquor store licenses into a single liquor-licensed drugstore~~

1 license. The applicant may apply for a transfer, change of location, and
2 merger and conversion only if all of the following requirements are met:

3 (A) ~~The retail liquor stores that are the subject of the transfer of~~
4 ~~ownership are located within the same local licensing authority~~
5 ~~jurisdiction as the drugstore premises for which the applicant is seeking~~
6 ~~a liquor-licensed drugstore license, and, if any retail liquor stores are~~
7 ~~located within one thousand five hundred feet of the drugstore premises~~
8 ~~or, for a drugstore premises located in a municipality with a population~~
9 ~~of ten thousand or fewer, within three thousand feet of the drugstore~~
10 ~~premises, the applicant applies to transfer ownership of all retail liquor~~
11 ~~stores located within that distance. If there are no licensed retail liquor~~
12 ~~stores or only one licensed retail liquor store within the same local~~
13 ~~licensing authority jurisdiction as the drugstore premises for which a~~
14 ~~liquor-licensed drugstore license is sought, the applicant shall apply to~~
15 ~~transfer ownership of one or two retail liquor stores, as necessary, that are~~
16 ~~located in the local licensing authority jurisdiction that is nearest to the~~
17 ~~jurisdiction in which the drugstore premises is located.~~

18 (B) ~~Upon transfer and conversion of the retail liquor store licenses~~
19 ~~to a single liquor-licensed drugstore license, the drugstore premises for~~
20 ~~which the liquor-licensed drugstore license is sought will be located at~~
21 ~~least one thousand five hundred feet from all licensed retail liquor stores~~
22 ~~that are within the same local licensing authority jurisdiction as the~~
23 ~~drugstore premises or, for a drugstore premises located in a municipality~~
24 ~~with a population of ten thousand or fewer, at least three thousand feet~~
25 ~~from all licensed retail liquor stores that are within the same local~~
26 ~~licensing authority jurisdiction as the drugstore premises.~~

27 (H) ~~For purposes of determining whether the distance~~

1 requirements specified in subsection (1)(b)(I) of this section are satisfied;
2 the distance shall be determined by a radius measurement that begins at
3 the principal doorway of the drugstore premises for which the application
4 is made and ends at the principal doorway of the licensed retail liquor
5 store.

6 (HH) ~~In making its determination on the transfer of ownership,~~
7 ~~change of location, and license merger and conversion application, the~~
8 ~~local licensing authority shall consider the reasonable requirements of the~~
9 ~~neighborhood and the desires of the adult inhabitants in accordance with~~
10 ~~section 44-3-312.~~

11 (IV) ~~In addition to any other requirements for licensure under this~~
12 ~~section or this article 3, a person applying for a new liquor-licensed~~
13 ~~drugstore license in accordance with this subsection (1)(b) on or after~~
14 ~~January 1, 2017, or to renew a liquor-licensed drugstore license issued on~~
15 ~~or after January 1, 2017, under this subsection (1)(b) must:~~

16 (A) ~~Provide evidence to the state and local licensing authorities~~
17 ~~that at least twenty percent of the licensee's gross annual income derived~~
18 ~~from total sales during the prior twelve months at the drugstore premises~~
19 ~~for which a new or renewal licenses is sought is from the sale of food~~
20 ~~items, as defined by the state licensing authority by rule; and~~

21 (B) ~~Make and keep its premises open to the public.~~

22 (4) (b) An owner, part owner, shareholder, or person interested
23 directly or indirectly in a liquor-licensed drugstore may have an interest
24 in:

25 (IV) ~~For a liquor-licensed drugstore licensed on or before January~~
26 ~~1, 2016, or a liquor-licensed drugstore licensee that was licensed as a~~
27 ~~liquor-licensed drugstore on February 21, 2016, that converted its license~~

1 to a retail liquor store license after February 21, 2016, and that applied on
2 or before May 1, 2017, to convert its retail liquor store license back to a
3 liquor-licensed drugstore license, additional liquor-licensed drugstore
4 licenses as follows, but only if obtained in accordance with subsection
5 (1)(b) of this section:

6 (A) On or after January 1, 2017, and before January 1, 2022, four
7 additional liquor-licensed drugstore licenses, for a maximum of five total
8 liquor-licensed drugstore licenses;

9 (B) On or after January 1, 2022, and before January 1, 2027, up
10 to seven additional liquor-licensed drugstore licenses, for a maximum of
11 eight total liquor-licensed drugstore licenses;

12 (C) On or after January 1, 2027, and before January 1, 2032, up
13 to twelve additional liquor-licensed drugstore licenses, for a maximum of
14 thirteen total liquor-licensed drugstore licenses;

15 (D) On or after January 1, 2032, and before January 1, 2037, up
16 to nineteen additional liquor-licensed drugstore licenses, for a maximum
17 of twenty total liquor-licensed drugstore licenses; and

18 (E) On or after January 1, 2037, an unlimited number of additional
19 liquor-licensed drugstore licenses.

20 (V) For a liquor-licensed drugstore that submitted an application
21 for a new liquor-licensed drugstore license before October 1, 2016,
22 additional liquor-licensed drugstore licenses as follows, but only if
23 obtained in accordance with subsection (1)(b) of this section:

24 (A) On or after January 1, 2019, and before January 1, 2022, four
25 additional liquor-licensed drugstore licenses, for a maximum of five total
26 liquor-licensed drugstore licenses;

27 (B) On or after January 1, 2022, and before January 1, 2027, up

1 to seven additional liquor-licensed drugstore licenses, for a maximum of
2 eight total liquor-licensed drugstore licenses;

3 ~~(C) On or after January 1, 2027, and before January 1, 2032, up~~
4 ~~to twelve additional liquor-licensed drugstore licenses, for a maximum of~~
5 ~~thirteen total liquor-licensed drugstore licenses;~~

6 ~~(D) On or after January 1, 2032, and before January 1, 2037, up~~
7 ~~to nineteen additional liquor-licensed drugstore licenses, for a maximum~~
8 ~~of twenty total liquor-licensed drugstore licenses; and~~

9 ~~(E) On or after January 1, 2037, an unlimited number of additional~~
10 ~~liquor-licensed drugstore licenses.~~

11 (VI) NO MORE THAN EIGHT LIQUOR-LICENSED DRUGSTORE
12 LICENSES.

13 (c) ~~Subsection (4)(b)(V) of this section does not apply to a~~
14 ~~liquor-licensed drugstore licensee that was licensed as a liquor-licensed~~
15 ~~drugstore on February 21, 2016, that converted its license to a retail liquor~~
16 ~~store license after February 21, 2016, and that applied on or before May~~
17 ~~1, 2017, to convert its retail liquor store license back to a liquor-licensed~~
18 ~~drugstore license.~~

19 (7) A person licensed under this section that ~~obtains~~ OBTAINED
20 additional liquor-licensed drugstore licenses ~~in accordance with~~
21 ~~subsection (4)(b)(IV) or (4)(b)(V) of this section~~ may operate under a
22 single or consolidated corporate entity but shall not commingle purchases
23 of or credit extensions for purchases of malt, vinous, or spirituous liquors
24 from a wholesaler licensed under this article 3 for more than one licensed
25 premises. A wholesaler licensed under this article 3 shall not base the
26 price for the malt, vinous, or spirituous liquors it sells to a liquor-licensed
27 drugstore licensed under this section on the total volume of malt, vinous,

1 or spirituous liquors that the licensee purchases for multiple licensed
2 premises.

3 (8) (a) THE STATE OR A LOCAL LICENSING AUTHORITY MAY RENEW
4 A LIQUOR-LICENSED DRUGSTORE LICENSE PURSUANT TO SECTION
5 44-3-302. IN ADDITION TO ANY OTHER REQUIREMENTS FOR RENEWAL, A
6 PERSON APPLYING TO RENEW A LIQUOR-LICENSED DRUGSTORE LICENSE
7 ISSUED ON OR AFTER JANUARY 1, 2017, BUT ISSUED BEFORE THE
8 EFFECTIVE DATE OF THIS SECTION, AS AMENDED, SHALL:

9 (I) PROVIDE EVIDENCE TO THE STATE AND LOCAL LICENSING
10 AUTHORITIES THAT, WITH RESPECT TO THE TOTAL SALES MADE DURING
11 THE PRIOR TWELVE MONTHS AT THE DRUGSTORE PREMISES FOR WHICH THE
12 RENEWAL LICENSE IS SOUGHT, AT LEAST TWENTY PERCENT OF THE
13 LICENSEE'S GROSS ANNUAL INCOME IS DERIVED FROM THE SALE OF FOOD
14 ITEMS, AS DEFINED BY THE STATE LICENSING AUTHORITY BY RULE; AND

15 (II) MAKE AND KEEP THE LICENSEE'S PREMISES OPEN TO THE
16 PUBLIC.

17 (b) (I) ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION, AS
18 AMENDED, A LIQUOR-LICENSED DRUGSTORE LICENSEE SHALL NOT MERGE,
19 SELL, TRANSFER, CONVERT, OR CHANGE THE LOCATION OF A
20 LIQUOR-LICENSED DRUGSTORE LICENSE.

21 (II) NOTWITHSTANDING SUBSECTION (8)(b)(I) OF THIS SECTION, A
22 LIQUOR-LICENSED DRUGSTORE LICENSEE THAT HOLDS A LIQUOR-LICENSED
23 DRUGSTORE LICENSE THAT WAS ISSUED TO AN INDEPENDENT PHARMACY
24 BEFORE JANUARY 1, 2025, SHALL NOT, ON OR AFTER THE EFFECTIVE DATE
25 OF THIS SECTION, AS AMENDED, CHANGE THE LOCATION OF OR MERGE OR
26 CONVERT THE LICENSE, BUT THE LICENSEE MAY SELL OR TRANSFER THE
27 LICENSE TO ANOTHER INDEPENDENT PHARMACY THAT HOLDS A

1 LIQUOR-LICENSED DRUGSTORE LICENSE OR TO A PERSON THAT DOES NOT
2 ALREADY HOLD OR HAVE AN INTEREST IN A LIQUOR-LICENSED DRUGSTORE
3 LICENSE.

4 **SECTION 3.** In Colorado Revised Statutes, 44-3-303, **amend**
5 (1)(c)(I) and (2); and **repeal** (1)(c)(II) as follows:

6 **44-3-303. Transfer of ownership and temporary permits.**

7 (1) (c) (I) ~~Except as provided in subsection (1)(c)(II) of this section, for~~
8 ~~any other~~ FOR ANY transfer of ownership, application must be made to the
9 state and local licensing authorities on forms prepared and furnished by
10 the state licensing authority. In determining whether to permit a transfer
11 of ownership, the licensing authorities shall consider only the
12 requirements of section 44-3-307 and 1 CCR 203-2, rule 47-302, entitled
13 "Changing, Altering, or Modifying Licensed Premises", or any analogous
14 successor rule. The local licensing authority may conduct a hearing on the
15 application for transfer of ownership after providing notice in accordance
16 with subsection (1)(c)(III) of this section. ~~Any~~ A transfer of ownership
17 hearing by the state licensing authority ~~must~~ SHALL be held in accordance
18 with section 44-3-305 (2).

19 (II) ~~A license merger and conversion as provided for in section~~
20 ~~44-3-410 (1)(b) includes a transfer of ownership of at least two retail~~
21 ~~liquor stores, a change of location of one of the retail liquor stores, and~~
22 ~~a merger and conversion of the retail liquor store licenses into a single~~
23 ~~liquor-licensed drugstore license, all as part of a single transaction, and~~
24 ~~the liquor-licensed drugstore applicant need not apply separately for a~~
25 ~~transfer of ownership under this section. The liquor-licensed drugstore~~
26 ~~applying for a license merger and conversion pursuant to section~~
27 ~~44-3-410 (1)(b) is ineligible for a temporary permit pursuant to this~~

1 ~~section. The local licensing authority shall consider the reasonable~~
2 ~~requirements of the neighborhood pursuant to section 44-3-312 when~~
3 ~~making a determination on the merger and conversion of the retail liquor~~
4 ~~store licenses into a single liquor-licensed drugstore license. The local~~
5 ~~licensing authority may hold a hearing on the application for the license~~
6 ~~merger and conversion after providing notice in accordance with~~
7 ~~subsection (1)(c)(III) of this section.~~

8 (2) Notwithstanding any provision of this article 3 to the contrary,
9 a local licensing authority may issue a temporary permit to a transferee of
10 any retail class of alcohol beverage license issued by the local licensing
11 authority pursuant to this article 3 or article 4 of this title 44. ~~except that~~
12 ~~a local licensing authority shall not issue a temporary permit to a~~
13 ~~liquor-licensed drugstore that has acquired ownership of licensed retail~~
14 ~~liquor stores in accordance with section 44-3-410 (1)(b).~~ A temporary
15 permit authorizes a transferee to continue selling alcohol beverages as
16 permitted under the permanent license during the period in which an
17 application to transfer the ownership of the license is pending.

18 **SECTION 4.** In Colorado Revised Statutes, 44-3-312, **amend**
19 (2)(a) as follows:

20 **44-3-312. Results of investigation - decision of authorities.**

21 (2) (a) Before entering ~~any~~ A decision approving or denying ~~the~~ AN
22 application, ~~the~~ A local licensing authority shall consider, except where
23 this article 3 specifically provides otherwise, the facts and evidence
24 adduced as a result of its investigation, as well as any other facts; the
25 reasonable requirements of the neighborhood for the type of license for
26 which application has been made; the desires of the adult inhabitants; the
27 number, type, and availability of alcohol beverage outlets located in or

1 near the neighborhood under consideration; and any other pertinent
2 matters affecting the qualifications of the applicant for the conduct of the
3 type of business proposed; except that the reasonable requirements of the
4 neighborhood shall not be considered in the issuance of a club liquor
5 license. For the merger and conversion of retail liquor store licenses to a
6 single liquor-licensed drugstore license in accordance with section
7 44-3-410(1)(b), the local licensing authority shall consider the reasonable
8 requirements of the neighborhood and the desires of the adult inhabitants
9 of the neighborhood.

10 **SECTION 5.** In Colorado Revised Statutes, 44-3-409, **repeal** (5)
11 as follows:

12 **44-3-409. Retail liquor store license - rules - definitions.** (5) A
13 liquor-licensed drugstore may apply to the state and local licensing
14 authorities, as part of a single application, for a merger and conversion of
15 retail liquor store licenses to a single liquor-licensed drugstore license as
16 provided in section 44-3-410 (1)(b).

17 **SECTION 6.** In Colorado Revised Statutes, 44-3-501, **repeal**
18 (3)(a)(XVI) as follows:

19 **44-3-501. State fees - rules.** (3) (a) The state licensing authority
20 shall establish fees for processing the following types of applications,
21 notices, or reports required to be submitted to the state licensing
22 authority:

23 (XVI) Applications for transfer of ownership, change of location,
24 and license merger and conversion pursuant to section 44-3-410 (1)(b);

25 **SECTION 7.** In Colorado Revised Statutes, 44-3-505, **repeal**
26 (4)(a)(V) as follows:

27 **44-3-505. Local license fees.** (4) (a) Each application for a

1 license provided for in this article 3 and article 4 of this title 44 filed with
2 a local licensing authority must be accompanied by an application fee in
3 an amount determined by the local licensing authority to cover actual and
4 necessary expenses, subject to the following limitations:

5 (V) ~~For a transfer of ownership, change of location, and license~~
6 ~~merger and conversion pursuant to section 44-3-410 (1)(b), not to exceed~~
7 ~~one thousand dollars.~~

8 **SECTION 8. Safety clause.** The general assembly finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, or safety or for appropriations for
11 the support and maintenance of the departments of the state and state
12 institutions.