



# Alcohol Regulation in Colorado

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Colorado has a complex framework of laws regulating the manufacture, distribution, sale, and consumption of alcohol in the state. This issue brief outlines Colorado liquor laws, including the regulatory structure; government revenue streams; and the role of state and local governments in licensing and enforcement. For additional information, see the [Legislative Council Staff Colorado Liquor Licensing Handbook](#).

## Regulatory Overview

Colorado's liquor laws were first codified in 1935. The Colorado Beer and Liquor Codes regulate fermented malt beverages, malt liquor, vinous liquors (wine), and spirits.<sup>1</sup> The Liquor Enforcement Division (LED) in the Department of Revenue (DOR) codifies additional rules in [1 CCR 203-2](#).

A three-tier system divides the manufacture, distribution, and sale of alcohol into separate regulatory frameworks. In general, a business owning or having a financial interest in a license from one tier of the system may not own or have an interest in a license from another tier, with certain cross-tier exceptions.

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<sup>1</sup> Section 44-3-101, *et seq.*, and Section 44-4-101, *et seq.*, C.R.S.

## State Alcohol Revenue

Federal and state excise taxes, state sales tax, and local sales taxes apply to the sale of alcohol in Colorado, and licensees are subject to state and local licensing fees.

### Excise Tax

The state excise tax is calculated based on the volume of alcohol sold, using the formulas shown in Table 1. In FY 2024-25, over \$55 million in liquor excise tax revenue was credited to the General Fund.<sup>2</sup>

**Table 1. State Excise Tax Rates**

Beverage	Tax Rate
Beer/Hard Cider	8¢/gallon
Wine	7.33¢/liter, plus an additional: <ul style="list-style-type: none"><li>• 5¢/liter for first 9,000 liters</li><li>• 3¢/liter for next 36,000 liters</li><li>• 1¢/liter for additional liters</li></ul>
Spirits	60.26¢/liter

Source: Section 44-3-503, C.R.S.

### Tax Exemptions

Alcoholic beverages shipped out of state by a manufacturer or wholesaler are not subject to the state excise tax, nor are sacramental wines or homebrew, up to 4 liters of spirits brought on a plane, among other exceptions.

<sup>2</sup> [DOR Annual Report](#), 2025.

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## Licensing Fees

In 2025, liquor licensing fees generated \$8.5 million for the state and \$3.9 million for local governments.<sup>3</sup>

Licenses for production and distribution are issued by the state, while sales licenses and permits are issued by both state and local licensing authorities. The LED maintains a searchable list of [liquor licensees](#).

## Licensing: Tavern Example

Tavern liquor licenses are issued by both the city or county clerk and the LED. The applicant must submit to a criminal background check and disclose all connections to the liquor industry, including licenses held or relinquished. The applicant must also submit a detailed floor plan of the business. In most jurisdictions, the establishment must meet electrical, fire code, and other local building code requirements before the liquor license is issued.

Once the application and fees are submitted, the local licensing authority must post notice at the physical location and in the newspaper of record, perform an investigation that includes a review of the "needs and desires" of the applicant and neighborhood, hold a public hearing, and make a decision. If approved, the application moves on to the LED for review. State-approved applications are returned to

the local licensing authority for final approval and licensing.

The process of transferring a liquor license is similar to applying for a new license; however, while the application is pending, the transferee may apply for a temporary, 120-day permit to sell alcohol in the tavern.

## Enforcement

Both the LED and local law enforcement agencies may perform regular compliance checks and investigate liquor law violations at licensed facilities. LED maintains an [annual report of enforcement actions](#) taken by state and local licensing authorities.

Two classes of citations are issued to violators: businesses are cited administratively, while individuals are cited criminally. Administrative citations are more common and generally involve a temporary suspension of the liquor license. The license suspension can be served in full or divided into days held in abeyance and/or waived through payment of a fine. In some instances, the establishment is required to undergo additional industry training. Repeat offenders may have their licenses revoked. Criminal penalties range from a class 2 misdemeanor to a class 5 felony.

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<sup>3</sup> [DOR Annual Report](#), 2025.