

# STATE OF COLORADO

## OFFICE OF THE GOVERNOR

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John W. Hickenlooper  
Governor

June 10, 2016

The Honorable Colorado Senate  
State Capitol  
200 E. Colfax Ave.  
Denver, CO 80203

Dear Members of the Colorado Senate:

Today, I signed Senate Bill 16-197, "Concerning the Retail Sale of Alcohol Beverages, and, in Connection Therewith, Restricting the Issuance of New Liquor-Licensed Drugstore and Retail Liquor Store Licenses Except Under Specified Circumstances; Allowing Liquor-Licensed Drugstore and Retail Liquor Store Licensees to Obtain Additional Licenses Under Limited Circumstances; Repealing the Limit on the Alcohol Content of Fermented Malt Beverages on January 1, 2019; and Making an Appropriation" into law at 6:38 PM.

Since the 1933 repeal of the Volstead Act and the Eighteenth Amendment of the U.S. Constitution prohibiting alcohol sales and consumption, Colorado law governing beer, wine, and distilled spirits sales has led to a thriving market of individually-owned retail liquor stores. In turn, this served as a catalyst for a vibrant, diverse, and flourishing industry of craft distilleries, breweries, and wineries throughout our state. Although imperfect and unplanned, this system has unquestionably benefited Colorado.

The well-worn debate to allow expanded sales of distilled spirits, wine, and full-strength beer at grocery stores continues to challenge the competing economic values of convenience to customers, job creation, and promotion of locally-owned businesses. Unfortunately, compromise has been absent from this debate. Senate Bill 16-197 is an exception. This bill is a laudable effort by the sponsors at compromise between certain large grocery stores seeking to offer greater options for their customers, and independently-owned retail liquor stores set to endure heavy revenue losses should the laws they operate under change overnight. We agree that state law in this field is dated and haphazard. However, while imperfect and unplanned, the status quo has led to this industry's growth and success. Any change to existing liquor laws must be carefully measured so as to minimize harm to a vital network of local retail businesses, and, in turn, Colorado's craft distilleries, breweries, and wineries.

Over the past 30 days, we thoroughly evaluated SB 16-197, met with many stakeholder organizations, and spoke with a number of craft brewers and independent liquor store owners. While we believe the status quo is most preferable, it is unlikely to remain. Senate Bill 16-197 implements inevitable change in a measured and reasonable process. The bill gives

independently-owned liquor stores until 2019 to prepare for any increased competition from grocery chains. Furthermore, it does not throw open the door to wine and distilled spirits competition without compensation to stores located within a certain distance of grocery stores. These are reasonable measures that allow phased-in competition and broader choices, while also providing guardrails to protect small businesses from losses that could result from a sudden regulatory change. While not perfect, SB 16-197 provides more options for customers and reasonable protections for small businesses.

On the matter of the multiple ballot initiatives pertaining to sales of wine, distilled spirits, and full-strength beer in grocery stores, I sign this law today with the understanding that most, and hopefully all, of these initiatives will be withdrawn, as discussed in the SB 16-197 compromise process. Passage of any ballot initiative allowing immediate wine and full-strength beer sales in grocery stores would irreparably harm independent liquor stores and craft producers throughout Colorado. According to an analysis based on retail sales data from the Department of Revenue, Colorado retail liquor stores conduct roughly \$750 million in beer sales annually. Should these ballot measures pass, simply stated, a significant percentage of that revenue will transfer from small independent liquor stores to large grocery stores. This would, in turn, severely harm Colorado's craft market as independent stores close and precious shelf space shrinks.

When independent liquor store owners went into business, they knowingly and willingly accepted Colorado's liquor laws, however dated they may be. While SB 16-197 changes Colorado's liquor laws significantly, I sign the bill today because I was persuaded by the broad coalition supporting this compromise. This compromise is far preferred over periodic legislative threats to enact more far-reaching and sudden change.

We trust that the coalition and sponsors have reached a measured compromise that allows Colorado's vibrant craft industry to continue to thrive. Accordingly, I signed SB 16-197 into law.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Hickenlooper", with a long horizontal flourish extending to the right.

John W. Hickenlooper  
Governor