

**Senate Bill 16-197 Working Group  
Legislative Report Recommendation Form**

1. **Work Group Sponsor (s):** Kevin Delange (Brewery, Small); Laura Long (Brewery, Small); Andres Gil Zaldana (Colorado Brewers Guild)
  
2. **Describe the Recommendation:**

The Colorado Brewers Guild's mission is to promote and protect Colorado's small and independent craft brewing industry. We represent the majority of the over three hundred craft breweries in Colorado and advocate on behalf of our members for improvements to Colorado's business and regulatory environment.

Our recommendations fall into the following three areas:

1. **Recognition of the Unique Nature of Colorado Craft Breweries.** Senate Bill 16-197 ("SB-197") resulted in the largest change to Colorado liquor laws since Prohibition. Those changes will be most felt by Colorado's craft brewers, the majority of which are small brewers that heavily rely on Colorado's supportive business and regulatory structure to thrive.

The Colorado Brewers Guild believes that all recommendations provided in this report must be examined for their potential positive or negative impact on Colorado craft brewers. This is particularly important given that Colorado craft beer is both an economic driver and key business employer in this state. According to the Brewers Association, our community had an economic impact of \$2.7 billion in 2016.

The impact of SB-197 on our members' business operations, customer relations, and continued market access is unknown. However, the Colorado Brewers Guild believes that any recommendation adopted per the SB-197 Legislative Recommendation Form must be evaluated under a common set of criteria:

- a. What will the impact of a recommendation be on the ultimate consumer?
  
- b. Will a recommendation impact the ability of a manufacturing brewery to hold and exercise the current rights of a wholesaler license? Any recommendation that impacts those rights should be examined to determine whether they endanger the already limited rights held by our members.

- c. How will a recommendation impact competition by independent craft brewers? Are there unintended consequences of a recommendation that may limit the ability of independent Colorado craft breweries to compete in the marketplace?
  - d. How will a recommendation impact the ability of a craft brewer, through its wholesaler's license, to offer and sell beer in its tasting room or open additional tasting rooms? If products, like growler fills, can be offered outside of a tasting room, what measures will be taken to ensure the quality of a growler fill?
2. **Treatment of Public Consumption starting January 1, 2019.** Public consumption areas have contributed large economic benefits to many communities in Colorado, such as Greeley and Denver. They have also complemented other outdoor activities in state parks and similar places and have largely become a part of Coloradoan culture.

With this in mind, the Colorado Brewers Guild is concerned about potential changes to law regarding the public consumption of beer. Under current law, the consumption of 3.2% beer in public is not prohibited under state law; instead, it is largely regulated on a local level. However, as a result of SB-197, the definition of malt liquor and fermented malt beverages will be the same beginning on January 1, 2019.

We understand that the Liquor Enforcement Division may propose certain changes that could impact the ability of the public to consume alcohol in areas regulated by the state, such as state parks or unincorporated areas. The Colorado Brewers Guild strongly believes that this is a local issue and that the LED should not propose a "one size fits all" policy that prohibits the public consumption of alcohol in areas regulated by the LED after January 1, 2019. Instead, we urge the LED to work with policymakers and local authorities in adopting a policy that reflects the preferences of local communities and the changing environment of alcohol regulation as a result of SB-197.

3. **Examination of "Value of Labor" Practices.** There continues to be a significant lack of clarity regarding the value of labor provided to retailers by suppliers. The Colorado Brewers Guild believes that additional clarity on these issues is needed to help define permissible and impermissible activities by wholesalers.
3. **Which portion or portions of Senate Bill 16-197 does this recommendation address (underline all those that apply)?**
- a. Develop an implementation process for grocery and convenience stores to apply for a license to sell malt liquor and fermented malt beverages containing at least one-half percent alcohol by volume starting January 1, 2019.
  - b. Analyze the impact that removing the alcohol content limit on fermented malt beverages will have on the alcohol beverage industry as a whole, as well as on current retail licensees.

- c. Legislative, regulatory, or administrative changes necessary to promote the three-tiered distribution system in Colorado.
- d. Laws governing tastings conducted on retail premises licensed under article 47 of this title and the ability of retail liquor stores licensed under section 12-47-407 to sell growlers containing malt liquors.

**4. Please summarize the rationale for the recommendation – why is it important?**

For Recommendation #1, the Colorado Brewers Guild believes that a common set of criteria examining the impact of any recommendation on Colorado craft breweries is a necessary step to completing this report.

For Recommendation #2, the Colorado Brewers Guild believes that an abrupt change to public consumption laws in Colorado will have a deleterious impact on the ability of consumers to enjoy Colorado craft beer. This is particularly true given that many Coloradans enjoy our members' products as part of picnics and other social gatherings in our state's public parks. Moreover, harmful recommendations could incentivize municipal and local governments to adopt similarly restrictive statutes.

For Recommendation #3, the Colorado Brewers Guild believes that greater clarity on the value of labor will help identify unlawful practices that impede the ability of Colorado craft breweries and their distributors to compete in the marketplace.

**5. What issue or issues does your recommendation resolve? Please identify the issues.**

Please see response to Question #4.

**6. What stakeholders would be positively or negatively impacted by this recommendation, and how would they be impacted?**

We do not believe that any stakeholders would be negatively impacted by our recommendations.

**7. Which of the following does the recommendation impact (underline those that apply):**

- a. Statute (legislation)
- b. Policy
- c. Rules and Regulations
- d. Other: *(please describe)*

**8. Who owns implementation of the recommendation (underline those that apply):**

- a. State Legislature
- b. Department of Revenue
- c. Local Government
- d. Other: *(please describe)*

- 9. Is there a dissenting voice on the working group concerning this recommendation? If yes, please provide a summary of the minority opinion about this recommendation.**

Not applicable.

- 10. Are you aware of any statutory authority or regulation that supports the basis of this recommendation? If yes, please include it here.**
- 11. Is the implementation of your recommendation dependent on another decision or action? If yes, specifically what actions or decisions are required before this recommendation can be implemented?**
- 12. Will the recommendation have a cost to implement? If yes, please explain the reason for the cost and provide an estimate.**

There may be costs associated with working groups and/or rulemaking associated with public consumption of alcohol and value of labor guidance.

- 13. Provide an estimate of how long it would take to implement the recommendation.**

Not applicable.