

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

1. Work Group Sponsor (s): **Colorado Municipal League – Kevin Bommer**

2. Describe the Recommendation:
 - **Conversion of FMB licenses to Article 47 “malt liquor license” after January 1, 2019**
 - ✓ Moratorium on new FMB licenses beginning July 1, 2018. Permissive language governing bodies of municipalities and counties to adopt local moratoria at any time.

 - ✓ After January 1, 2019, anyone applying for a new license will no longer apply for a “fermented malt beverage” license, but rather will apply for a “malt liquor license” to be created in Title 12, Article 47.
 - “Malt liquor” license shall be subject to the same distance restrictions (500 feet from schools, etc.) as other licenses in Art. 47
 - New licenses may be denied if the local licensing authority determines an undue concentration of the same license type and/or retail liquor stores exists

 - The definition of “fermented malt beverage” (as amended by SB 197 and incorporated in Article 47 by reference beginning 1/1/19) will be the same “malt liquor.” The term “fermented malt beverage” should be substituted with “malt liquor” as appropriate throughout Article 47 effective 1/1/19.

 - ✓ Active FMB licenses as of 1/1/19 will remain active, subject to compliance with all applicable laws and rules. On or after 1/1/19, they shall have the FMB license replaced with a “malt liquor license” upon renewal but be exempted from distance restrictions as long as ownership is maintained.

 - ✓ Applications for transfer of ownership may (at local option) be treated as new licenses for all Article 47 provisions, regardless of location.

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?
 SB 17-197 contemplates an application process but still allows FMB licensees to begin selling malt liquor on 1/1/19. This recommendation recognizes that fact but creates an appropriate state & local process for “grandfathering” existing FMB licenses and processes for new license applicants – and the proposal creates the “new license” referenced in SB 16-197. Eventually, all FMB licenses will be converted to the new “malt liquor” license, and Article 46 can be repealed by later action. Importantly, anyone having been issued a license prior to 1/1/19 will be grandfathered regardless of location, proximity of schools, etc. – so long as they continue to comply with all other existing laws and maintain ownership. Because full strength beer, etc. will be sold, all new licenses will be subject to the same provisions as other licensees in Article 47. In order to prevent a rush of applicants wanting to avoid distance restrictions, the proposal also includes a moratorium on new FMB licenses starting 7/1/18 and allows local governments the option for a local moratorium at any time.
5. What issue or issues does your recommendation resolve? Please identify the issues.
 How to deal with the “automatic conversion” of FMB licenses, while acknowledging that they are fundamentally different than they have been historically – and that SB 197 does seem to contemplate a new license type.
6. What stakeholders would be positively or negatively impacted by this recommendation, and how would they be impacted?
 Certainty of a process should be a benefit to all stakeholders. CML believes there are no new concepts that would harm any stakeholder that was supportive of or neutral on SB 197.
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.

Unknown, although the League expects opposition to the potential restrictions on transfers of grandfathered licenses to new owners.

10. Are you aware of any statutory authority or regulation that supports the basis of this recommendation? If yes, please include it here.

12-46-109 (1) C.R.S. While creating no mandated outcome, SB 197 directs the working group to recommend “an implementation process for grocery and convenience stores to apply for a license to sell malt liquor and fermented malt beverages.”

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?

Requires legislation and supporting rulemaking. Working group would need to make some local determination of how to deal with on, off, and on/off premises licenses (i.e. how to create a distinction if deemed necessary)

12. Will the recommendation have a cost to implement? If yes, please explain the reason for the cost and provide an estimate.

Yes. State and local governments will have fiscal impacts that will need to be mitigated with appropriate license and application fees.

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

Implemented between July 1, 2018 and January 1, 2019.