

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

1. Work Group Sponsor (s): **Colorado Beer Wholesalers Association**
  
2. Describe the Recommendation: **Regulation 47-322. Unfair Trade Practices and Competition, Section L, should be expanded and clarified to make it clear it is a Trade Practices violation for the supplier to provide more services than are permitted by the regulation and also a violation for a retailer to request any services in excess of those set forth in the regulation. This change will enhance the three-tier system and provide a more level playing field with suppliers and retailers.**
  
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? **Over the past several years it has become apparent that there is more and more pressure from retailers to use labor provided by suppliers to enhance the operation of their business and reduce their costs at the expense of the suppliers.**
  
5. What issue or issues does your recommendation resolve? Please identify the issues. **With the passage of SB 197 and the issues related to the retailers situation requiring vendors to provide more services, it is important to more clearly establish certain permitted and prohibited trade practices between suppliers and retailers related to use of supplier's labor in order to clarify and prevent statutorily prohibited financial assistance between tiers.**
  
6. What stakeholders would be positively or negatively impacted by this recommendation, and how would they be impacted? **Suppliers would be impacted positively by having clear guidelines on what labor can be provided, cost savings from any ambiguities and protection from retailers requesting additional services. Some retailers will be impacted positively by creating a level playing field for all retailers. Some retailers will be negatively impacted because now it is clearly**

**a trade practice violation to request additional services. In addition, those retailers receiving additional services will be impacted because they will no longer be able to shift the cost of the labor to the supplier.**

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**
  
10. Are you aware of any statutory authority or regulation that supports the basis of this recommendation? If yes, please include it here. **The statutory authority for this regulation is located at subsections 12-47-202(1)(b),12-47-202(2)(a)(I)(G), and section 12-47-308, C.R.S.**
  
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? **Implementation requires amending the current regulation through the requisite procedures for the adoption of regulations. This would be through the Liquor Enforcement Division and Department of Revenue.**
  
12. Will the recommendation have a cost to implement? If yes, please explain the reason for the cost and provide an estimate. **There should be no additional cost to implement the regulation and enforcement should be through the normal enforcement activities of the Liquor Enforcement Division.**
  
13. Provide an estimate of how long it would take to implement the recommendation. **If the Liquor Enforcement Division is going to conduct adoption of regulations procedures this fall, then this regulation should be able to be implemented by the end of 2017.**