

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

1. Work Group Sponsor (s):

Steve Findley on behalf of the Colorado Beer Distributors Association

2. Describe the Recommendation:

On January 1, 2019 all current retailers with fermented malt beverage licenses will automatically be able to sell all products that qualify under the definition of fermented malt beverages as adopted in Senate Bill 16-197. No additional legislation, licensing hearings or restrictions required.

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?

The language in SB 16-197 was clear when it was agreed upon by industry, when it was adopted by the legislature and when it was signed by the Governor. As of January 1, 2019 the definition of fermented malt beverage changes and “BEER and OTHER products obtained by fermentation” may be sold by fermented malt licensees immediately upon that date. The legislative language is clear and unambiguous, and industry stakeholders have made financial investments in preparation for the phase out of 3.2 beer.

- 5. What issue or issues does your recommendation resolve? Please identify the issue**
Relieves consumer, industry and enforcement confusion by making the same beer products available for all licensees.

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

Various retail outlets and distributors would be negatively impacted financially, should the transition to the sale of full strength beer be delayed or eliminated. The reliance on the plain language of the statute has necessitated investments in new distribution systems and the elimination of obsolete models. There are large capital investments that have already been made (and still being made) by both the distributors and the manufacturers to accommodate the plain language of SB 16-197, so to change the interpretation of that statute now would be inequitable to a large cross-section of industry.

7. Which of the following does the recommendation impact (underline those that apply):
- Statute (legislation)
 - Policy
 - Rules and Regulations
 - Other: (please describe) – No additional language needed

8. Who owns implementation of the recommendation (underline those that apply):
- State Legislature
 - Department of Revenue
 - Local Government
 - 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.

N/A. This written recommendation has not been with the work group

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

Section 4 of SB 16-197. The definition change to “fermented malt beverage” in 12-46-103 1(a) and the complementary provision in Section 6 of SB 16-197 in 12-46-103(19) eliminating the higher alcohol percentages for “Malt Liquors.”

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?

No.

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

No.

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

Immediate; it is automatic, per the statute.