

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

1. Work Group Sponsor (s):

- a) Colorado Wine Industry Development Board
- b) The Wine Institute

2. Describe the Recommendation:

Clarify through regulation that manufacturers can allow consumers and customers to participate in the manufacturing process as long as the licensee maintains control of the licensed premises and complies with all other applicable labeling and procedural regulations and statutes.

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?

When a recent manufacturing license applicant asked the Division if the consumer could participate in the blending and bottling process, it became apparent that Division staff were not aware that manufacturers regularly offer their customers the opportunity to experience the manufacturing process at some point--invaluable experiences for consumers and customers (at the wholesale, retail and consumer levels) which aid in product promotion and brand loyalty as much or more as advertising and other marketing practices.

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

Eliminates any question now and in the future of whether a manufacturer can provide consumers and customers with an experience of the manufacturing process. Although Director Maroney has determined that this practice is acceptable, having this policy in writing will prevent future confusion if a future director or another LED employee interprets the regulations and statutes differently than Director Maroney currently does.

6. 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)

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

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

8. 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.

The wine industry has not heard of any dissenting voice regarding our recommendations.

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

Although wineries, breweries and distilleries are not technically agricultural businesses, they are closely related and parallel to the providers of an “agricultural recreation or agritourism activity” as defined in 13-21-121 (2)(b) CRS. That statute goes on to specify that a participant in an agritourism activity can pay a fee to participate in that activity under 13-21-121 (2)(g) CRS, such as crushing grapes or bottling wine following this parallel or analogy.

10. 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?

The implementation of wine industry’s recommendations is dependent upon the ultimate recommendation by the LED’s SB-197 Working Group final report.

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

No.

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

The recommendation would take effect when the rule making process is completed and would then serve as the basis for all future policy decisions and actions by LED.