

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

1. Work Group Sponsor (s): Safeway/MillerCoors/ Colorado Beer Distributors Association (combined recommendations #2, #4, and #14)
2. Describe the Recommendation: The language in Senate Bill 16-197 is clear that on January 1, 2019, the definition of fermented malt beverage is modified, and the 3.2% alcohol by weight restriction is removed. No additional legislation is needed to carry out this scheduled modification.
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? Based on the scheduled modification of the fermented malt beverage licenses on 1/1/19, industry members have been using the two and a half years transition to plan for the change. Given the changes not only in Colorado, but also in Kansas and Oklahoma, manufacturers such as MillerCoors have laid out a plan of action with specific operational and time sensitive milestones given the changing environment, based on the effective date of the modification. Members of the Colorado Beer Distributors Association are continue to make similar plans and investments based on the 1/1/19 effective date.

Additionally, fermented malt beverage retailers, such as Safeway, believe the modification adopted by the legislature can be safely implemented under the current rules and regulations in 12-46. Employees would continue to undergo extensive alcohol sales training and be subject to the same swift and severe penalties for the sale of any strength beer to minors or visibly intoxicated persons. Moreover, upon renewal of a fermented malt beverage license, should a local licensing authority have reasonable cause for concern due to prior violations of certain state or local retail laws or ordinances, they may require a hearing in order to authorize, deny, or restrict sales of fermented malt beverages. Again, this is current law.

5. What issue or issues does your recommendation resolve? Please identify the issues. This recommendation resolves the need to create additional licensing. It relieves the burden on local licensing authorities not to be required to create, hold hearings and issue new licenses. This would also provide the smoothest transition for both the consumer and industry.
6. What stakeholders would be positively or negatively impacted by this recommendation, and how would they be impacted? All FMB licenses, beer distributors, manufacturers and consumers would be positively impacted.
7. Which of the following does the recommendation impact (underline those that apply):
 - a. Statute (legislation)
 - b. Policy
 - c. Rules and Regulations
 - d. Other: (no action needed)
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. Yes. A small minority on the committee does not believe the language in SB 16-197 modifies FMB licenses on 1/1/19. We cannot explain this position.
10. Are you aware of any statutory authority or regulation that supports the basis of this recommendation? If yes, please include it here. Senate Bill 16-197
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. Legal/statutory implementation would be immediate as of 12:01 a.m., January 1, 2019. Practical implementation in the market n/a, but is underway.