

Colorado Liquor Enforcement Division

SB16-197 STATUTORY Working & (Sub-Groups)

Minutes of the Meetings

Meeting of November 16, 2016
8:00a – 5:00p

Department of Ag.
305 Interlocken Pkwy.
Broomfield, CO

Welcome & Introductions (& Announcements)

Director Maroney opened the meeting and began by thanking everyone for coming.

3.2 % Beer Sub-group: (Chairman – Patrick Maroney)

Purpose

Develop an implementation process for grocery & 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.

Analyze the impact that removed 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.

Discussion

- This working group has been tasked with coming up with a implementation plan whereby 3.2% licensees may apply for a license to sell full strength beer... the recommendation of what that plan looks like is this group's task. It could be anywhere from a new application to no change at all to the law.
 - Locals have no desire to have all 3.2% licensees re-apply.
 - Distance restrictions – will locals have an option to conduct hearing?
 - Conversations with locals – what if it falls within the restricted distance?
 - We are not looking to take away anyone's liquor License.
 - Would there be a grandfather clause?
- What happens 1/1/2019 with the manufacturer and wholesaler licenses?
 - Manufacturers and wholesalers have to hold two separate licenses (one for 3.2 and one for malt liquor).
 - Will they continue to have two separate licenses?
 - Separate warehousing areas for the two products.
 - Would require a law change.
 - Would like to get it to one license.
 - Wholesalers will have the same licensing issues.
 - The LED can make some suggestions but would like the manufacturers and wholesalers to come up with a recommendation.
- We need main players to meet then have a representative bring back to the table.
 - Convenience stores are polling their group.
- What will the change to the definition of malt beverage be? The definition is the same as fermented malt beverage – any beer over 0.5%
- There currently is a low level of understanding (by licensees) of SB16-197 and what it does. LED has conducted several trainings and has education material on their website.
- What complexity do we face if we hold them to the same rules?
 - What are our roadblocks
 - Financial Interests
 - On Premise consumption license?
 - 20% of Non-Alcohol sales
 - Ownership

- Age of Employees
- Distance requirements

Next Meeting

- Be prepared to have a dialog in the next meeting on the differences of 3.2% and RLS. Don't see how we can make them equal as they are not equal business... but we can address those inequalities to make them more in line with the statute and where we are going with the industry in Colorado.
- LED will make a new grid (similar to Multiple Interests) to get a lay of the land. To include:
 - Fermented Malt Beverages/Retail Liquor Stores/Liquor-Licensed Drugstore
- Take back to your groups and critically think about the differences and decide what can you live with or what you can't live without as it relates to these topics and bring it back to the table. (Industry)

3 Tier Subgroup: (Chairman – Ron Kammerzell)

Purpose

Shall consider other legislative, regulatory, or administrative changes necessary to promote the three-tiered distribution system in Colorado.

Discussion

- Would like to see a definition for 3-Tier system.
- Clarifications
- Where does manufacturer end and the next start?
- When does the first sale take place?
 - Excise tax – If winery A sells to winery B for mixing?
 - Don Burmania stated it was at the point when labeled and bottled. Still same?
 - When does a retail sale take place (on-line)?
- Now is the opportunity to bring up suggestions regarding trade practices, taxing and point of sale.
 - When you say the 3-Tier system is eroding... can you give example.
 - Other states are being challenged in court on the 3-Tier system. Huge issue with NCSLA.
 - Internet Sales
 - Direct to Consumer from wineries (not represent in the state) so there are losses to retailers.
 - UPS & FedEx – Shipment of alcohol – are shipping wine... but are they unknowingly shipping beer and spirits to consumers. They do not check containers.
 - Direct Shippers have to have a winery in another state and ship only their manufactured products.
 - California issued a winery license a winery without the licensee actually having a winery.

Next Meeting

- Internet Sales.
- Out of state delivery
- Purchase from out of stated retailers.
- Need to address common carriers delivery to LLDS.
- Staffing for Compliance. Fiscal Impact.
- Submit any additional items to Ron, Patrick or Sandra.

Tastings & Growlers Subgroup: (Chairman – Lewis Koski)

Purpose

Examine and make recommendations regarding 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.

Discussion | Tastings

- Clarification... Tastings and Samplings are different. Conflicting rules for each.

- Apply to Retail Liquor Stores and Liquor Licensed Drug Stores.
- Would like to see the requirements of dates and times changed.
 - Allow Sundays.
 - Increase to 156 days per year. Local Jurisdictions may dictate # of days per week.
 - Hours of tastings... beginning | end times and the total amount of hours each day.
 - RLS not earlier than 11:00am nor later than 7:00pm.
 - Amount can pour.
 - Who pays for product? Trade practice issue.
 - Who can pour? Retailer or Retailer employee. Who is going to be culpable for violation if Wholesaler serves minor?
- Remove trade practice issue through rule making (cost of labor) who can pour.
- Avoid product discards (if pouring 3 days in a row – ability to lock up opened container).
 - If retailer bought the product, once it is off premises... it cannot come back.
 - If supplier bought... it can come back on.

Discussion | Growlers

- Retail Liquor stores need to keep viable after SB16-197.
- Do RLS's even want to do growlers?
- Care for equipment (contractual) same as bars?
- SB16-197 is not including wineries in the Growlers discussion... malt liquor only.
- No self-service.
- Laura Long needs to meet with all new members before weighing in.
- CBLA suggest getting rid of all growlers other than what is currently allowed.

Next Meeting | Tastings & Growlers

- Jason (Kum & Go) to provide SOP for next meeting.
- Restaurants – Convenience Stores – Retail Liquor Stores: what can we agree would need general consensus:
 - Keep Growlers out of reach of consumers. What that looks like physically.
 - Competitive Issues.
 - What would the general requirements be?
 - Should RLS be allowed to sell growlers & refill growlers with malt?
 - Recommendation has to be focused on what the law says.
 - CLBA wants recommends that Growlers not be permitted beyond where they are now.

SB16-197 Statutory Working Group

Introductions.

Discussion

- 2017 meeting schedule.
 - Consensus: 3rd Friday of each month in the afternoon to avoid conflicts with Legislative Session.
 - Central location - downtown.

The next meeting is December 13th (Sub-Groups only). Phone in options will be considered.

The meeting was adjourned 3:27pm.