



COLORADO
Department of Revenue
 Specialized Business Group—
 Liquor & Tobacco

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Liquor Advisory Group
 Meeting Minutes
 October 30, 2023

Seat	Representative	Attendance
State Licensing Authority	Heidi Humphreys <i>Executive Director, Department of Revenue</i>	Absent
Arts Licensee	Andryn Arithson <i>Newman Center for the Performing Arts</i>	Present
Colorado Association of Chiefs of Police	Chief Dave Hayes <i>Monte Vista Police Department</i>	Absent
Colorado Counties, Inc.	Vacant	
Colorado Municipal Clerks Association	Colleen Norton <i>Littleton Municipal Clerk's Office</i>	Present
Colorado Municipal League	Tara Olson <i>Town of Breckenridge Clerk's Office</i>	Absent
Colorado State Patrol	Captain Joseph Dirnberger <i>Colorado State Patrol</i>	Absent
County Sheriffs of Colorado	Marc Snowden <i>Jefferson County Sheriff's Department</i>	Absent
Downtown Partnership/Chamber of Commerce	Loren Furman <i>Colorado Chamber of Commerce</i>	Absent
Hard Cider Industry	Eric Foster <i>Colorado Cider Guild</i>	Absent
Brewery (Large)	Bob Hunt <i>Molson Coors</i>	Present
Local Brewery (Small)	Dan Diebolt <i>Diebolt Brewing Company</i>	Present
Law Enforcement Representative	Chief W.J. Haskins <i>Glendale Police Department</i>	Absent
MADD	Executive Director Fran Lanzer <i>Mothers Against Drunk Driving</i>	Present

Seat	Representative	
Off-Premises Retailer (Large)	Kris Staaf <i>Albertsons Safeway</i>	Present
Off-Premises Retailer (Large)	Sara Siedsma <i>Kum & Go</i>	Absent
Off-Premises Retailer (Medium)	Jim Shpall <i>Applejack Wine & Spirits</i>	Present
Off-Premises Retailer (Medium)	Edward Cooper <i>Total Wine & More</i>	Present
Off-Premises Retailer (Small)	F. Seyoum Tesfaye <i>Franktown Liquors</i>	Absent
Minority Owned Off-Premises Retailer	Gonzalo Mirich <i>Jimbo's Liquor</i>	Present
Minority Owned On-Premises retailer	Veronica Ramos <i>The Electric Cure</i>	Present
Local Spirituous Manufacturer	Stephen Gould <i>Colorado Distillers Guild</i>	Present
National Spirituous Manufacturer	Joseph Durso <i>Pernod Ricard USA</i>	Present
Restaurant Licensee	Dana Faulk Query <i>Big Red F Restaurant Group</i>	Present
Restaurant Licensee	Sarah Morgan <i>Martinis Bistro</i>	Absent
Restaurant Licensee	Andrew Palmquist <i>Number Thirty Eight</i>	Absent
Tavern	Erika Zierke <i>Englewood Grand</i>	Present
Tavern/Large Dance Entertainment Venue	Andrew Feinstein <i>Tracks Denver, ReelWorks Denver, & RiNo Art District</i>	Present
Tavern/Large Dance Entertainment Venue	Don Strasburg <i>AEG Presents</i>	Absent
Local Vinous Manufacturer	Juliann Adams <i>Vines 79 Wine Barn</i>	Present
National Vinous Manufacturer	Anne Huffsmith <i>Nakedwines.com, Inc.</i>	Present
Wholesaler (Malt)	Yetta Vorobik <i>Crooked Stave Artisan Distribution</i>	Present

Seat	Representative	
Wholesaler (Vinous/Spirituous)	Fuad Jezzini <i>Maverick Wine Company of Colorado</i>	Present
National Wholesaler	Andrew Quarm <i>Republic National Distributing</i>	Present

- I. Opening Remarks, Attendance, and Agenda Review
 - A. Public comments end at 5:00 p.m. on Friday, November 3, 2023.
- II. Adoption of Meeting Minutes
 - A. Adoption of the [meeting minutes from September 14, 2023](#).
 1. No amendments were put forward on the meeting minutes.
 2. Motion to adopt the meeting minutes made by Colleen Norton. Stephen Gould seconded the motion.
 3. No dissenting votes or abstaining votes were recorded.
 4. Meeting minutes adopted.
- III. Proposal 31: Repeal of Liquor-licensed Drugstore (LLDs) License Type
 - A. Overview of the [proposal](#) (presented by Jim Shpall).
 - B. Discussion by LAG members
 1. The group members had a robust discussion about the potential benefits and consequences of this proposal, the highlights of which are as follows:
 - a) Ms. Kris Staaf, representing Safeway, responded to three main points addressed in the overview of the proposal:
 - (1) The process to obtain an LLDs license is expensive and time-consuming and requires a willing seller and buyer. For retail liquor store owners who wish to leave the industry, Ms. Staaf stated that the LLDs license process is an “out.” Additionally, Safeway currently has four LLDs licenses, with a maximum of eight allowed, and they won’t get multiple licenses overnight.
 - (2) In response to questions about safety and sales to minors, Ms. Staaf explained that Safeway uses in-house security and a loss prevention team, hires off-duty law enforcement to be present inside the stores, and will sometimes have marked police vehicles parked outside the store. Overall, Ms. Staaf expressed that Safeway takes the responsibility of safety and preventing underage sales very seriously. Since their LLDs licensed stores have been in operation (around the 2010s), Ms. Staaf stated there has not been one sale to a minor in those stores.
 - (3) Ms. Staaf also noted that Safeway wasn’t present at the “great compromise” that resulted in Senate Bill (SB) 197; however, they are currently living by the law around LLDs, and taking that away is a step in the wrong direction.
 - b) Group members representing retail liquor stores and independent businesses (including breweries and distilleries) highlighted the struggles and diminishing returns they’ve experienced in recent years, including:
 - (1) Disproportionate limits on the number of stores that can be

owned; grocery chains like Safeway can have up to eight LLDs licensed stores while retail liquor store owners can only have four stores to their name.

- (2) The amount of traffic coming into independent retail liquor stores has been impacted since grocery stores were allowed to sell wine.
 - (3) Craft brewers have also been impacted by the lack of traffic to independent liquor stores because those stores support the breweries by carrying their products. Fewer people are seeing and touching the craft brewers' products without traffic coming into the liquor stores.
 - (4) It was also noted that if large chains are allowed to sell distilled spirits in the future, this will create an unfair advantage with the number of stores that can be held under the LLDs license.
2. Independent distributors also expressed difficulties working with chains and larger companies and that there would be less variety if liquor products were only carried by large chains moving forward. Ms. Yetta Vorobik voiced her concern about losing a "thriving industry of independent businesses" in Colorado if no parity was established among liquor licensees.
 3. Ms. Dana Faulk Query also supported the proposal, emphasizing how independent businesses, from restaurants to liquor stores, give back to their communities with fundraisers, gift cards, et cetera. Ms. Faulk Query noted that she has attended multiple non-profit events in Colorado communities and hasn't seen a large chain making similar donations to the community.

C. Public Comment

1. Grier Bailey, Director, *CWPMA*
 - a) Mr. Bailey began his comments by acknowledging that the group of people he represents doesn't sell spirits, but he expressed concerns about the overall process. If the proposal repeals the LLDs license type, what will be renewed when those licenses expire and are up for renewal? Additionally, how would a license that no longer exists in statute be sustained? Mr. Bailey stated that he didn't believe grocery stores could qualify as retail liquor stores due to the percentage of sales requirement in the statute. Grocery stores and convenience stores would then have to meet this requirement. While he expressed understanding of the position of those in the liquor store industry, he felt it was irresponsible to try and promote something to the legislature that cannot be implemented under the current statute. Mr. Bailey stated that it would be better to revise the proposal and have this debate and that he felt the proposal, as currently written, doesn't "do right by statute and the process."
 - (1) Mr. Bailey's comments resulted in another robust discussion among himself and the group members about how the proposal could be amended to address these concerns. The division initially suggested amending the proposal to read, "Existing LLDs may be grandfathered in as a retail liquor store and would be automatically converted to a retail liquor store license type," in the interests of providing clarity. Mr. Bailey was still

concerned about grocery stores being able to achieve the percentage of sales requirement, and the division agreed with his concerns. After additional discussion, facilitator Renny Fagan proposed adjusting the proposal to essentially “freeze” the LLDs license as it currently exists in statute. In other words, the license type wouldn’t be eliminated but would be stopped as of the effective date. Both the division and Mr. Shpall supported this change to the proposal.

2. Rick Ridder, *RBI Strategies and Research*

a) Mr. Ridder opened his comments by stating that, since the early 1980s, he has reviewed survey research results of Colorado voters regarding various elements of liquor in grocery stores, ranging from beer and wine to spirits. Mr. Ridder estimated that he has looked at between seven and ten surveys of voters since that time, especially over the last ten years. Categorically, he has never seen a single poll that demonstrated voter acceptance of liquor in grocery stores. Mr. Ridder added that there’s about a 40% support level for liquor in grocery stores, with about a hard 50% or so opposed to liquor in grocery store spirits. He noted that this contrasted dramatically with research conducted in terms of beer in grocery stores, as well as wine in grocery stores, all of which ended up closer to 60 to 65% in polls. This number, according to Mr. Ridder, then dropped “dramatically” from the polling to the actual vote, and he stated that he suspects a similar drop will occur with an “already deflated support” for liquor in grocery stores. Specifically, Mr. Ridder estimated that the drop could be expected to reach around 30 to 35%. In conclusion, Mr. Ridder stated there “has never been and continues to be little support for the expansion of liquor in grocery stores.”

3. Chris Howes, President, *Colorado Retail Council*

a) Mr. Howes expressed that the members of the *Colorado Retail Council* are firmly opposed to Proposal 31. First, there already are spirits in grocery stores in Colorado, and those stores are “wildly popular.” Additionally, Mr. Howes noted that he has lobbied at the state capital for 26 sessions and, categorically, senators and state representatives are tired of this issue; they don’t want to vote on it and have told lobbyists such as Mr. Howes to “go to the ballot.”

b) Mr. Howes continued his comments by noting that, “since the General Assembly began modernizing our antiquated alcohol laws” via SB 197, Colorado has taken a number of steps towards catching up with other western states that allow for “strong competition and convenience for the customer.” Mr. Howes highlighted the vote to allow wine in grocery stores as an example of citizens voting in favor of modernizing the state’s laws.

c) In representing the *Colorado Retail Council*, Mr. Howes expressed that they believe Proposal 31 will send the state in the “wrong direction.”

Additionally, for the last two decades, there has been expressed concern about Colorado youth being sold alcohol at a “grand scale” at the Council’s member stores. Mr. Howes stated that this has not happened because of their experience in other U.S. states, the regular training of their employees, and the point-of-sale computer systems that ensure IDs are checked. In Mr. Howes’ opinion, the Council members have proven that they can safely sell these products, and therefore there is no safety concern.

- d) Mr. Howes also noted that the General Assembly contemplated various pieces of legislation over the years that proposed the expansion of liquor licenses, and the *Colorado Retail Council* never opposed those efforts. In fact, Mr. Howes stated the Council has urged state officials to allow natural competition to flourish, knowing that, in the end, it will benefit the Colorado consumer, and that’s what the liquor laws should be about.
 - e) In conclusion, Mr. Howes emphasized that the *Colorado Licensed Beverage Association*, including mom-and-pop liquor stores, “very publicly” agreed to SB 197. It created the current licensing structure, and this system is not inexpensive for the Council’s members; Mr. Howes echoed Ms. Staaf’s earlier comments that stores have to find a partner and buy them out as part of the agreed-upon system. Ultimately, Mr. Howes stated there are no public safety concerns to warrant “such a drastic change” like Proposal 31, and recent changes to liquor licensing laws have been very popular with Colorado customers.
4. Chris Fine, *Colorado Licensed Beverage Association*
- a) Mr. Fine expressed support for eliminating the LLDs license type. While he acknowledged that the *Colorado Licensed Beverage Association* was part of the conversations around SB 197, as Mr. Howes previously stated, Mr. Fine himself was not part of those conversations, and he stated those conversations were the reason he was fully in favor of eliminating the license type.
 - b) Mr. Fine stated that from the association’s perspective, the reason to eliminate this license type is that the grocers and big-box stores “got what they wanted” out of the compromise, in that, they got full-strength beer in their stores. Mr. Fine continued this comment by stating, “They got what they wanted and a few years later came back and said, ‘We don’t like that.’” Mr. Fine stated he doesn’t know who was or wasn’t present for that conversation, but now that the grocers and big-box stores have wine, “in violation of that negotiation,” they shouldn’t be allowed to keep the “major thing that we [independent liquor stores] gave up in the first place.”
 - c) In conclusion, Mr. Fine said that this was essentially the grocers having their cake and eating it too and that while he agreed the legislature was sick of these issues, they “are not sick of losing small businesses in their districts.”

5. Ainsley Giglierano, *Distilled Spirits Council*
 - a) Ms. Giglierano wanted to flag a few concerns with the proposal. First, she stated that this proposal was “antithetical” to what the Colorado Liquor Advisory Group was here to do. In Governor Polis’ letter to the group, the group was to harmonize and modernize, and Ms. Giglierano stated that eliminating the LLDs license would be taking Colorado a step back in the wrong direction.
 - b) Ms. Giglierano referenced the [governor’s letter](#) that was transmitted to the group earlier in the day, wherein he stated that he was proud of the moves that the group had made because they supported consumer choice. This proposal, according to Ms. Giglierano, would eliminate consumer choice. Consumers already have the ability to make these purchases, and by approving this proposal, the group would be taking away consumer privileges that are “already on the books.” Ms. Giglierano stated that she didn’t feel this was what the LAG was here to do.
 - c) In conclusion, Ms. Giglierano concurred with earlier statements, that this was part of the “great compromise,” of which independent retailers were a part, and that it hasn’t yet been mentioned the harm that will come to distilled spirits manufacturers that are already struggling. Ms. Giglierano estimated that these manufacturers have 2,000 (or just under) fewer outlets than their beer counterparts. She asked that the consumer and spirits manufacturer angles be considered when voting on this proposal.
6. Peter Cuccia, *Village Warehouse Wines*
 - a) Mr. Cuccia’s business is located in Avon, Colorado, and while there aren’t as many grocery stores in his area, he still noted a clear impact to the traffic flow to his store since grocers have been allowed to sell wine. It has primarily affected the number of employees he can have on staff, and he has already had to let a couple of people go. Mr. Cuccia expressed concern that if this proposal didn’t go through, it was going to create an atmosphere where spirits are in more grocery stores, which will reduce traffic to liquor stores. This, he noted, hurts the craft beer industry and hurts independent businesses; while more will be added to big-box stores, small businesses will be hurt, as will employment throughout the state. Additionally, Mr. Cuccia noted it will reach the point where profit dollars are going out of the state.
 - b) Mr. Cuccia voiced support for the proposal to move forward with the LLDs license type being “frozen” in order to stop grocery stores from having full beverage liquor selection in their stores.
7. Tom Perrick, State Affairs Director, *American Distilled Spirits Alliance*
 - a) Mr. Perrick noted that the Alliance represents twenty-nine producers across the country, and these members produce 70% of spirits that are sold in the United States. While he expressed appreciation for the conversation and the ongoing efforts of the LAG, Mr. Perrick stated that he opposed the proposal. Members of the Alliance have “time and time

again” shown that people want more access, more selection, and more convenience, not less. He stated that eliminating the LLDs license type would be less convenient for Colorado citizens.

- b) Additionally, Mr. Perrick noted that, to the extent that the stores are harder to find and limited in supply, the price and the time, money, and fuel required to get those products could increase.
 - c) In summary, Mr. Perrick reaffirmed his opposition to the proposal. Eliminating this license type “does the opposite of what the governor just recognized [in his letter],” and Mr. Perrick stated he would rather the discussion focus on the limits of the retail liquor stores separately without moving this proposal forward.
8. Russell Schloemer, *CJ's Wine and Spirits*
- a) Mr. Schloemer began his comments by asking Mr. Shpall how he envisioned this proposal would affect the industry overall. Mr. Shpall answered that he perceived that retail liquor stores, especially those that are currently “bleeding heavily,” would have a lifeline because they could have spirits along with *some* grocery stores, but not all grocery stores. Additionally, retail liquor stores have previously and continue to play a role in their communities, and that role could be lost. With this proposal, Mr. Shpall hopes that businesses will survive overall because their products will be in the retail liquor stores and that the communities will continue to thrive because of it.
 - b) Following this brief discussion, Mr. Schloemer stated that it’s “weird” to see multiple people in the industry “pretend” that they’re doing these things because it’s “in the interest of the public because it’s popular, and therefore it’s good.” Mr. Schloemer said there are “lots of things” that are popular that are terrible ideas, and that’s why we have the government. Rather, Mr. Schloemer stated, there’s “naked self-interest behind this.” Grocery chains want to make more money, and they “figured out a way to make more money off of small business owners that previously got into the industry because they perceived it to be safe because of a compromise that was made and believed to be made with the desire to actually follow those goals, to be able to engage in business generously and thoughtfully.”
 - c) Mr. Schloemer continued that it wasn’t going to stop with wine in grocery stores; instead, he said there’s going to be an interest in more money going into grocery store pockets because they’re multi-billion dollar industries. He emphasized that this was not a debate about what’s in the public’s best interests at this point, or about what’s popular, what’s good, and how we can make good choices, but about money.
 - d) In conclusion, Mr. Schloemer expressed that the industry has an opportunity at this particular time to “devise a path forward which is going to be helpful to the industry and be able to guide not just our

industry, but to demonstrate the will of the government to be able to regulate that behavior.”

9. Rich Anders, *Anders Beverage Company, LLC*

- a) Mr. Anders agreed that consumer choice is important and that it’s “very difficult” for small brewers and distillers to get in with large chains. They don’t have the money to do instant rebate coupons, and they don’t have the opportunity to meet often with the buyers to get their products into those accounts. If there aren’t large companies going with small accounts and the small businesses aren’t already in the large stores, their products also aren’t there. Mr. Anders noted that many distillers, perhaps all distillers, including those owned by a national corporation, are experiencing this. This, Mr. Anders stated, creates a skew that prevents consumer choice. This proposal, on the other hand, would create only convenience.
- b) Mr. Anders echoed earlier comments about small liquor stores already hurting because of beer and wine in grocery stores. He added that, for spirits, many independent stores will go away and, with it, true consumer choice. Independent businesses have the opportunity to try something new and send it out into the market, which can result in profits for the state economy. Mr. Anders highlighted Starbucks Coffee Liqueur as a prime example of this, one which ultimately “pumped millions of dollars” into the economy; however, this doesn’t happen in chain markets and won’t happen.
- c) In regards to independent liquor store owners agreeing to the SB 197 compromise, Mr. Anders stated that many store owners took the compromise because “they felt the inevitable was coming and thought that if they didn’t do something, it was a gun to their head.”
- d) In conclusion, Mr. Anders asked for support for the proposal on behalf of small wholesalers who don’t want liquor in grocery stores.

10. Tony Ryerson, *Applejack Wine & Spirits*

- a) Mr. Ryerson agreed that the governor wants to harmonize liquor laws and that there was “absolutely no better way to harmonize liquor laws than to have everyone follow the same rules for selling spirits.” Mr. Ryerson noted that he had yet to be given a good reason why *Applejacks* should be limited to three stores while a merged King Soopers and Albertsons would have 269 stores selling spirits in the state.
- b) Secondly, Mr. Ryerson stated that the current system could create an oligopoly, which was worse for the consumer than a competitive market. To elaborate, Mr. Ryerson said, “If you infer from the beer share of what these folks have, it’ll move us on the HHI Index, which measures monopolistic properties in a market from the low hundreds, which is completely uncorrelated, completely competitive, the best for the consumer, to 2500, which is moderately concentrated and bad for the consumer.” Additionally, there are 1600 small local stores currently

operating, while there are 430 grocery locations that could potentially get the LLDs license. Mr. Ryerson noted that, by definition, the 1600 local stores are closer to the consumer, and “that is convenience, that is more selection, and ultimately this is better for the consumer.”

- c) Further, Mr. Ryerson noted that the Liquor and Tobacco Enforcement Division (LED) issued emergency regulations before wine in grocery stores went into effect, and the main point of those regulations was to not have alcoholic products near toys, candy, soda, or by entrances and exits. Currently, Mr. Ryerson expressed that “every Safeway” and “every Kroger” across the state has alcohol in the seasonal aisles and next to the Easter candy, which is “clearly” marketing to kids. The stores have since been asked to do things differently, and yet, Mr. Ryerson noted that when he visited some more stores the prior week, he found both a Target and Safeway store that had alcohol next to the Halloween candy and a King Soopers that had alcohol stored by the self-checkout. Due to the number of teens visiting the stores, Mr. Ryerson said this was “a disaster waiting to happen.”
- d) Additionally, Mr. Ryerson noted that there is overlap in some stores with non-alcoholic and alcoholic products. He brought several items for comparison purposes to highlight that the busy mother might pick up the wrong product and accidentally serve it to her child. However, if that same mother was at the liquor store, Mr. Ryerson said she would know that the products in the store contained alcohol. Overall, the proposal is better for the consumer, better for safety, and harmonizes laws.
- e) Mr. Ryerson’s final point was to the buy-out argument, and he noted that independent liquor stores are no longer expensive. According to Buy-Sell-Biz, a small business listing site, there are eighty-eight stores for sale as of Friday (October 27, 2023), with some selling for “as cheap as” \$90,000. He added that large grocery stores have “leverage” with shopping centers, and once the lease was up for one store, they would be “kicked out,” and the large chain would buy the “next cheapest store” for a similar price.

11. Jared Blauweiss, *Mr. B’s Wine & Spirits*

- a) Mr. Blauweiss noted that much of what he wanted to say was previously said by Mr. Anders; however, he wanted to emphasize that it’s been about six months since the laws changed in March, and already it has created harm to the independent liquor stores. While he was glad that the LAG was having these meetings to address items that “urgently need to be addressed,” he expressed concern that the full effects of the law wouldn’t be seen for a bit of time. In a year from now, Mr. Blauweiss predicted that the number of liquor stores in operations would be “a lot smaller,” and it was unfortunate that the industry wouldn’t be having these conversations in a year to analyze the full impact.

- b) To the point previously made by the *Distilled Spirits Alliance* about how 70% of their products are sold in grocery stores, Mr. Blauweiss stated that this is because 70 to 90% of spirits sold are from large businesses that have “millions and millions” of advertising dollars. In terms of enhancing selection, Mr. Blauweiss expressed that he “vehemently” disagreed with that argument; rather, he argued that it would hurt selection because small distilleries will no longer have the avenues to be present in stores.

12. Sandy Rothe, *Whistling Hare Distillery Co.*

- a) Mr. Rothe expressed support for the repeal of the LLDs license type, emphasizing that if we are going to have liquor licenses, “they should all be the same.” He stated that this was partly why we currently have the “mess” that we do in Colorado, “because we have similarly situated people with different rights, and this causes confusion in the marketplace and with the consumer.” As a craft distiller, Mr. Rothe noted there was “no way” his business could compete or be present in the grocery stores.
- b) He also disputed the argument that it was about better choice and that everyone wants more choices and more access; if that was the argument, Mr. Rothe said we should “get rid of all the rules” and let everyone have the ability to deliver, have direct-to-consumer shipping privileges, have unlimited tasting rooms, et cetera. Overall, Mr. Rothe said this is not an argument, and if we’re going to have a three-tier system, every license needs to be similarly situated.
- c) In conclusion, Mr. Rothe said he didn’t feel Proposal 31 was unfair to grocery stores and would reestablish some parity and fairness in the marketplace.

13. Bobby Martin, *Mystic Mountain Distillery*

- a) Mr. Martin began by expressing his gratitude to Mr. Shpall for making it possible for small, self-distributing distilleries to get into his [Mr. Shpall’s] stores. He also recognized Safeway as having “bent over backward” to try and get his business in their stores, though he noted that they haven’t yet been successful because it’s a “long, exhausting process to get in there.” To contrast this, Mr. Martin said it was impossible to have the same point of contact experience with Target and that he was “laughed out” of King Soopers. He stated that, regardless of whether the proposal does or doesn’t move forward, the industry needs some continuity for self-distributors and a way to have an even playing field. Mr. Martin stated that he has seen “so many” independent liquor stores closing, and that frightens him “on a daily basis.”

14. No further public comment was submitted on this proposal during the meeting.

D. Motion

- 1. Motion to move the proposal to a vote made by Jim Shpall. Dan Diebolt seconded the motion.

E. [Vote](#)

1. Motion passed without consensus. 10 members voted in support of the proposal, 4 voted against the proposal, and 6 members abstained from the vote.
- F. The following links are to written public comments submitted to the division concerning Proposal 31.
 1. Tom Perrick, National Director of State Government Affairs, *American Distilled Spirits Alliance*
 - a) Email: [Oppose Proposal #31 - Repeal of Drug Store liquor license type](#)
 - b) ADSA Letter: [ADSA opposes Proposal #31 - Repeal of Drug Store liquor license type](#)
 2. Karen Raines, Corporate Counsel, *Costco Wholesale Corporation*
 - a) Email: [Opposition to Proposal 31 Before the Legislative Alcohol Group \("LAG"\)](#)

IV. Liquor Advisory Group Final Report Review

- A. Review of report language.
- B. LAG member discussion.
 1. The group members first asked a couple of clarifying questions about the overall process moving forward:
 - a) Are the different terms related to the voting results (Full or Near Consensus, Nonconsensus) going to be defined in the report?
 - (1) These terms will not be defined in the report; however, the voting numbers were recorded and made available for review. Additionally, the [LAG Charter](#) provides information on how the terms were applied to the voting process and results.
 - b) Now that the individual group members have made their recommendations and cast their votes on the different proposals, should there be language in the report explaining that they are not obliged to support or oppose any of the decisions made moving forward?
 - (1) Facilitator Renny Fagan stated that they would consider adding a sentence addressing this in the conclusion; however, Mr. Fagan noted that he didn't want to undermine the hard work that everyone did with this sentiment.
 2. LED Director Michelle Stone-Principato made the following clarification statements concerning how this discussion would be framed:
 - a) No language in the actual proposals would be changed, as this was the language that the group members previously voted on.
 - b) Not every comment made during the LAG discussions was included in the report. A more thorough overview of the group discussions can be found in the meeting minutes.
 - c) All suggestions will be taken into account, and edits will be made after careful consideration. The group members and the public will receive the report after all final edits have been made, so everyone can see what was and wasn't amended.
 3. The following are amendments, corrections, or edits to the report that the group members put forward:

- a) Ms. Dana Faulk Query noted that on page 11, under the bulleted points for Proposal 3 (Soft close for last call), it's written that the division determined that concerns surrounding the serving size and drink limit would be addressed via rulemaking. Ms. Faulk Query stated that during the meeting, she requested these matters be statutory and asked that this be added to the report.
- b) Ms. Erika Zierke noted that on page 30, under Proposal 25 (Corkage fee), the public comments supporting the proposal are summarized; however, the public comments received in opposition to the proposal have not been. She requested that a sentence summarizing these viewpoints be added to this section.
- c) Ms. Zierke also noted that on page 32, under the proposals that were not moved forward, she would like to see her proposal of allowing a manager to register as the same for more than one licensed premises, with the note that this restriction was repealed after she put the proposal forward. This repeal is the reason the proposal did not move forward.
- d) Mr. Fran Lanzer noted that he had a list of small typos and stylistic changes, which he would email to the division and facilitators. In terms of substantive suggestions, he highlighted the following:
 - (1) For transparency purposes, on page 8 of the report "Background on the Liquor Advisory Group Process," it should be noted that there was an application process open to the public and that the members of the LAG had to apply to be accepted.
 - (2) Under the Regulation of Retail Operations subgroup proposals, the proposals were not listed numerically as with the other subgroups. For consistency purposes, the proposals should be in numerical order throughout the report, including in the table of contents.
 - (3) Finally, on the cover page, there was a typographical error with *Mothers Against Drunk Drivers*. This should be "Mothers Against Drunk Driving" to emphasize that the group is against the crime, not the people.
- e) Mr. Jim Shpall expressed some confusion on Winery Direct Shipper's Permit restrictions regarding the summary. The requirements for manufacturers (to be a licensed winery as defined by Colorado law, to produce and bottle their own wine) are already in statute. Rather, Mr. Shpall noted that his proposal was for more severe penalties for manufacturers who do not follow the statutory requirements when shipping into the state.

C. Public Comment.

1. Jared Blauweiss, *Mr. B's Wine & Spirits*

- a) Mr. Blauweiss began by expressing his support for allowing direct-to-consumer shipping (DTC) privileges. However, he questioned why off-premises liquor stores would be excluded from receiving this

privilege. They have taken “hit after hit” over the last five or six years, and DTC would be a small way that these businesses could continue to compete. They are currently missing out on business while companies continue to ship into the state illegally, and he would like the group to consider adding off-premises liquor stores under this proposal.

(1) Facilitator Renny Fagan noted that this idea was raised during the discussion; however, the language as it reads in the report was the language that the group ultimately voted on, and it was not going to be changed, especially since this is the last meeting.

2. Shawnee Adelson, *Colorado Brewers Guild*

a) Ms. Adelson submitted two corrections to the report. First, the statement on page 17, proposal 7, it states that , “Public comment also included support from the Brewers Guild, who noted wineries already have this ability through the TTB...” should be amended to reflect that wineries already have this privilege through the state statute and that breweries have the privilege under the TTB but not under state law.

b) Secondly, the statement on page 28 related to proposal 6 that reads, “This proposal came from the Marketplace Structure subgroup’s consideration of ways to attain greater market parity and similarity in regulation among breweries, distilleries, limited wineries, and wineries (currently set at two sales rooms),” should be amended to clarify what privileges are available to the respective businesses for each license type. Currently, breweries can have one sales room under their license, distilleries can have two sales rooms per license, manufacturing wineries can have two sales rooms per license, and limited wineries may have six sales rooms per license.

3. Greg Fulton, President, *Colorado Motor Carriers Association*

a) Mr. Fulton introduced the CMCA as representing trucking companies and many delivery companies in the state. He complimented the hard work and efforts of the LAG; however, he has some suggestions for the report, especially as it relates to Proposals 34 and 35.

b) First, in reviewing the cover letter for the report, Mr. Fulton noted that of the many groups represented on the LAG, common carriers were not listed, and yet there are two recommendations in the report that will affect the industry, for which common carriers had no representation, nor were they consulted or had their opinion sought on the matters. Proposal 34 (Common carrier permit for wine direct shipping), for example, pertains to permitting processes and other things with which common carriers are very familiar. Mr. Fulton estimated that common carriers are probably required to have more and different permits and other items than any other industry and that they were disappointed that they were not consulted on this. He expressed that the Association would not look at levying or suggesting a requirement on other groups represented on the LAG without having those individuals’ input, and yet this proposal was

moved forward without a lot of information being provided as to whether this makes sense or not. Mr. Fulton stated that the Association was concerned about unanticipated consequences, and while they are not opposed to considering this recommendation, he did ask that it not advance because the “major player that was going to be involved in terms of implementing and carrying this out was not involved.”

- c) Mr. Fulton emphasized that he was not placing blame on anyone and stated that it appeared to be an oversight. However, he did note that the Association has permitting procedures and processes with every state agency, and this was the “only time” in his twenty-eight years that he had ever seen someone suggest a new permitting procedure, and the common carriers were not consulted or asked for an opinion before the recommendation was moved forward. Again, Mr. Fulton stated he would be happy to work with the group or others on pulling together some recommendations but that the Association asked that Proposal 34 be removed from the report.
 - d) Regarding Proposal 35 (Give authority to the LED to address illegal out-of-state shipments of alcohol products), Mr. Fulton stated that the Association was supportive of ensuring that the transportation and delivery of alcohol products were done legally and that the shippers were on the same page. However, he noted that the Association hadn’t seen much in the way of information, demonstrating that this was not much of an issue at this point in time. This will take time and involve costs for everyone, and he asked that before the recommendation moved forward, the Association be provided with this information. From the context of the proposal, Mr. Fulton said he assumes that the impression is that the companies under the Association are bringing the alcohol illegally into the state, and in talking with these companies, the Association doesn’t see this happening, or at least not to the extent that everyone is noting. Again, Mr. Fulton asked that some data and information be collected before moving forward with a recommendation that is “based on anecdotal information.” Mr. Fulton again expressed his support in ensuring the safe and legal delivery of alcohol products while noting that the Association would have liked to be part of the process and, unfortunately, was not.
 - e) In conclusion, Mr. Fulton echoed his request that both proposals be withheld from the report and instead be revisited with the common carrier industry before moving forward.
4. Grier Bailey, *CWPMA*
- a) Mr. Bailey noted support for the Division’s position related to the license fee setting and submitted written comments. They object to Proposal 29 (Removal of all state and local fee amounts and fee caps from statutory language) due to the *CWPMA*’s “general philosophy” of fee setting at the

legislature. He said that this philosophy provides the opportunity to discuss related policy issues.

5. Jared Blauweiss, *Mr. B's Wine & Spirits*

- a) Mr. Blauweiss asked to address Proposal 27 (Catering license). He began by addressing some concerns and frustrations that have been expressed by his customers when they wanted to get the alcohol for their private event from his store but were told they couldn't. Using the example of a wedding, Mr. Blauweiss stated there are event venues that have a standing deal with, for instance, *Peak Beverage*. *Peak Beverage* has all the bartending, supplies, bartenders, et cetera, and also owns its own liquor store. Mr. Blauweiss stated that both *Peak Beverage* and the venue are telling customers that they must purchase the alcohol products only from *Peak Beverage*. Overall, Mr. Blauweiss said that it limits the customer's choice and limits the competition with the free market element because "the customer is forced to buy products when they don't realize they have a choice," and it's "just another way" that liquor stores are losing a large element of their overall business. Mr. Blauweiss stated this is frustrating enough as the system currently stands; however, if the catering license is created, "it's gonna be basically done," and liquor stores will lose all of the catering business they've had for many years. He added that the current system has become a "chain of backroom handshake deals" where the liquor store makes a deal with a distributor or supplier, offering a deal on products if they exclusively offer them, and then the liquor store that's also owned by the catering or bartending company makes a deal with the wedding venue, that this is the menu that customers can choose from without giving the customer a choice in the matter.
- b) If the catering license does pass, Mr. Blauweiss stated that he would "implore" the LAG members to put in a Consumer's Bill of Rights at the point of contact at the venue, where they are notified of their right to choose from where they want to bring in their alcohol products. As it stands, Mr. Blauweiss stated it feels like a "rigged process" that hurts the consumer and is hurting liquor stores like his.
 - (1) Director Stone-Principato noted that the conversations around this proposal were trying to support the three-tier system and allow wholesalers to be part of it, especially at large venue events. For smaller events that, for example, don't have a large budget for a wedding, the proposal was intended to allow the party to buy their own alcohol from a supplier of their preference. At this time, Director Stone-Principato stated that we would see what the General Assembly thinks and thanked Mr. Blauweiss for his comments.

6. Andy Klosterman, *Peak Beverage* and *Colorado Event Alliance*

- a) Mr. Klosterman asked to respond to some of Mr. Blauweiss' comments, first by noting that this discussion could have been had during the entire process and he wasn't sure why this was "coming in at the very last second." He stated that there were "a lot of inaccurate statements" made by Mr. Blauweiss "with lacking information." However, Mr. Klosterman extended an invitation for Mr. Blauweiss to contact him and continue this discussion.
 - b) Further, Mr. Klosterman explained that one of the reasons his company is doing what it's doing is because he's come from other states and has expanded into other states where this is "commonplace." At any time, Mr. Klosterman said that a liquor store could create a model that "competed and acted like other states do in the special events industry." Mr. Klosterman also emphasized that 40 out of 50 states have similar laws to what is being proposed through the catering license, and one of the reasons he believes the proposal received "widespread support" throughout the process is because it's "one of the most archaic things about Colorado's liquor laws."
 - c) Again, Mr. Klosterman encouraged Mr. Blauweiss to reach out to him so they can continue the conversation in a more productive environment.
7. No further public comment was submitted on the report during the meeting.
- D. The following links are to written public comments that were submitted to the division concerning additional proposals and/or overall feedback on the report.
- 1. Jacob Weien, *1350 Distilling*
 - a) Public Comment: [Proposal 33](#)
 - 2. Micki Hackenberger, Managing Principal, *Husch Blackwell Strategies*
 - a) Email: [LAG Comments](#)
 - b) WSWC Letter: [WSWC Comments on Final Report of the LAG](#)
 - 3. Nick Hoover, Manager of Government Affairs, *Colorado Restaurant Association*
 - a) Email: [CRA Comments on Liquor Advisory Group](#)
 - b) CRA Letter: [CRA Comments on LAG Recommendations](#)

Appendix: Voting Record

Proposal 31: Repeal of Liquor-licensed Drugstore (LLDs) License Type

Voting Results:

10 in support

4 against

6 abstained

VOTER NAME	Repeal of LLDs License Type		
	Yes	No	N-P
Andrew Feinstein <i>Tavern/Large Dance Entertainment Venue</i>			X
Andrew Palmquist <i>Restaurant Licensee</i>	ABSENT		
Andrew Quarm <i>National Wholesaler</i>			X
Andryn Arithson <i>Arts Licensee</i>	X		
Anne Huffsmith <i>National Vinous Manufacturer</i>			X
Bob Hunt <i>Brewery (Large)</i>			X
Colleen Norton <i>Colorado Municipal Clerks Association</i>		X	
Dan Diebolt <i>Local Brewery (Small)</i>	X		
Dana Faulk Query <i>Restaurant Licensee</i>	X		
Dave Hayes <i>Colorado Association of Chiefs of Police</i>	ABSENT		
Don Strasburg <i>Tavern/Large Dance Entertainment Venue</i>	ABSENT		
Edward Cooper <i>Off-Premises Retailer (Medium)</i>	X		
Eric Foster <i>Hard Cider Industry</i>	ABSENT		
Erika Zierke <i>Hard Cider Industry</i>	X		
F. Seyoum Tesfaye <i>Off-Premises Retailer (Small)</i>	ABSENT		

Fran Lanzer <i>MADD</i>			X
Fuad Jezzini <i>Wholesaler (Vinous/Spirituos)</i>	X		
Gonzalo Mirich <i>Minority Owned Off-Premises Retailer</i>	X		
Jim Shpall <i>Off-Premises Retailer (Medium)</i>	X		
Joseph Dirnberger x <i>Colorado State Patrol</i>	ABSENT		
Joseph Durso <i>National Spirituouer Manufacturer</i>		X	
Juliann Adams <i>Local Vinous Manufacturer</i>		X	
Kris Staaf <i>Off-Premises Retailer (Large)</i>		X	
Loren Furman <i>Downtown Partnership/Chamber of Commerce</i>	ABSENT		
Marc Snowden <i>County Sheriffs of Colorado</i>	ABSENT		
Sara Siedsma <i>Off-Premises Retailer (Large)</i>	ABSENT		
Sarah Morgan <i>Restaurant Licensee</i>	ABSENT		
Stephen Gould <i>Local Spirituous Manufacturer</i>			X
Tara Olson <i>Colorado Municipal League</i>	ABSENT		
Veronica Ramos <i>Minority Owned On-Premises Retailer</i>	X		
W.J. Haskins <i>Law Enforcement Representative</i>	ABSENT		
Yetta Vorobik <i>Wholesaler (Malt)</i>	X		
Vacant <i>Colorado County Inc.</i>			