

**Jacob Weien**

*1350 Distilling*

November 2, 2023 Public Comment

**Topic:** Proposal 33

Dear Gentlewomen and Gentlemen,

Please allow this writing to bear witness of my business partners and my own acceptance of Proposal 33: Direct-to-consumer shipping for beer and distilled spirits with courier permit for delivery of products.

As owners of a small craft distillery (1350 Distilling) in Colorado Springs we constantly face the vast inequalities of Colorado's current liquor laws when concerning distilled spirits. The most pressing being our inability to have equal access to the same selling points (grocery stores) throughout the state, as well as, the inability to ship our spirits the same fashion as Colorado wineries. A majority of our sales are with small business retailers, who are being greatly adversely affected with the addition of wine with beer allowed to be sold in grocery stores. This is killing the small business retailers and ultimately directly affecting our overall sales. Proposal 33 allows distilleries and breweries to recoup some of the lost retail space by shipping direct-to-consumer.

Our need for the passing of Proposition 33 is to allow a more equal playing field with the wine industry by allowing direct-to-consumer shipping within and outside of the state of Colorado. There is limited desire for us to be allowed into grocery stores for the fact that we would most likely not be able to garner the awareness or acceptance of wholesaler/distributors to partner with us. Wholesalers control the access of our spirits under current Colorado law. It is without question why the primary opposition being provided is by these same wholesale businesses.

Currently, 1350 Distilling hires a wholesaler in California to sell our products direct-to-consumers in 35 states. We ship our products to their warehouse in which they fulfill the online orders. Not every Colorado distillery or brewery can afford these services to promote their products, and truthfully, we barely break even with this arrangement. Under current Colorado laws we are not able to simply ship our products from our production facility to a neighbor whether down the street, in Denver, or anywhere else across the state. We have customers in Colorado who purchase our products online and pay up to \$20 more because of shipping, storing and fulfillment fees because of the bloated pricing required to offer our products direct-to-consumer currently.

By allowing a similar permit as Colorado wineries there are far more benefits for small businesses and the state than there are towards the detriment of a conglomerate wholesale agency as I will outline below:

1. There would be drastic cost savings for Colorado distilleries and breweries. We pay for shipping to our California wholesaler. We pay fulfillment fees and warehouse storage fees for maintaining products we could very easily have on-hand in our own building. We have delays in stock replenishment and a poorer quality of customer service having to use this third party wholesaler/distributor/fulfiller. Even with this

arrangement, we still have limited access to the entire nation. Every bottle we sell is inflated in price because of shipping, storing, and fulfillment costs.

2. There would be a larger market for Colorado distilleries and breweries. 1350 Distilling is currently limited by our wholesaler's/distributor's state-by-state access. This proposal could open our distilled spirits into a market expanding the entire nation exponentially, similar to the benefits of small wineries currently in Colorado.

3. There would be more tax revenue for the state of Colorado. Under our current relationship with our California wholesaler/distributor every tax dollar collected for the sale of our products stays in California instead of it being collected for the state of Colorado. With a larger market gaining access through direct-to-consumer sales, Colorado would collect the tax revenue collected on all sales.

4. There would be less greenhouse gases emitted into the environment. Because we would have a single shipment directly to our consumer, there would be a drastic reduction in greenhouse gases created with multiple shipping trucks criss-crossing across the nation. Allow me to use our current distribution as an example. From our production facility we ship cases of product to our California wholesaler. They then stack and organize our product in their immense warehouse. When a single bottle is purchased online, our wholesaler then retrieves, packages and ships the order to the consumer. Many times the wholesaler must use multiple carriers in order to reach the final customer's location. With the acceptance of Proposal 33, we would be able to receive an online order and ship once directly to the consumer, drastically reducing the use of gas vehicles and therefore, reducing air pollution with emitted greenhouse gases.

5. Customers would pay less. Without the additional shipping, storing, and fulfillment fees tagged onto distilled spirits, the cost of the products would be cheaper for all consumers whether in Colorado or any other state.

We, at 1350 Distilling thank you for your thoughtful consideration regarding the long-term financial and environmental benefits for small businesses, the state, and customers by accepting and passing Proposal 33.

Respectfully,

Jacob Weien  
1350 Distilling  
Owner / Chief Operations Officer