

The Division has received the following comments via the Liquor Enforcement Division Rulemaking email. The Division will respond to certain parties' comments should the Division implement their recommendations into the rule.

Steve Findley

Executive Director, Colorado Beer Distributors Association

04/01/2025

Subject: RE: Testimony on Proposed Rule Change to SUDR Regulations 47-950 & 47-951

Good Afternoon Director Stone-Principato, my name is Steve Findley, Executive Director of the Colorado Beer Distributors Association (CBDA) and Substance Use Disorder Recovery Committee member. I am here today to provide testimony on behalf of the CBDA and our members who distribute products from large domestic brewers, importers, Colorado craft brands and others. Our members distribute to every liquor license in the state of Colorado and have been doing so for over eighty years. Prior to the law change in 2019, this included 3.2 beer to grocery stores and, subsequently, full strength beer. This is important to note because beer displays in grocery stores are not a new thing. To my knowledge, we have never had complaints about the placement or number of temporary displays in grocery stores, until recently. With the passage of the ballot measure to allow wine in grocery stores, I understand why we have seen a proliferation of alcohol displays throughout the stores in the past two years, and we are sympathetic to the recovery community and their concerns. I trust we can strike a workable balance for all.

Regarding Rule 47-950, the placement of alcohol beverages near certain products, you have our full support.

As I mentioned earlier, beer in grocery stores is nothing new, nor are temporary displays of beer in these accounts. Temporary displays provide a practical and commercial purpose for my members, store owners and consumers. Rule 47-951 will undoubtedly have a significant impact on our businesses and that of our suppliers and partners, the specifics of which will be/or have already been covered by other witnesses. In the interest of brevity, I will let their testimony speak to the commercial impacts the rule will have on suppliers and the relationships between suppliers and wholesalers.

As a member of the Substance Use Disorder Recovery Committee, I have seen the various proposals from a flat limit of two displays to the Retail Council's recent proposal of up to sixteen, to the current proposed rule we are considering today. Creating a tiered approach, rule with different standards for similar accounts will lead to confusion with suppliers and their employees as well as the accounts and would create an enforcement challenge for the Division and local authorities. I suggest the Division change its proposal to a flat number of temporary displays for affected accounts above 10,000 feet. We would like to see that number set at ten displays, or roughly the middle

of the various proposals submitted, but certainly nothing below five. We believe this a fair compromise.

Whatever is the final decision, we request, within the rule, or assurances by the Division, that the rule be revisited in one calendar year to assess the effectiveness of the rule, and adjust accordingly.

Brian Crawford

President & CEO of the Beer Institute

03/31/25

Subject: Beer Institute Comments re: LED - Substance Use Disorder Recovery Public Comments & Hearing

Dear Members of the Colorado Liquor and Tobacco Enforcement Division:

Today, we write to ask for common-sense revisions to the proposed rule on the Substance Use Disorder Recovery (SUDR) Regulations 47-950 and 47-951 regarding alcohol beverage displays. This proposal seeks to control and limit how off-premise retail locations can display alcohol in stores. We represent brewers, importers and industry suppliers of all sizes in Colorado.

The beer industry supports over 60,000 jobs in Colorado and generates nearly \$13 billion in economic impact. On behalf of the beer industry and the Coloradans whose livelihoods depend on it, we respectfully request you reconsider some provisions in the rule that would negatively impact such an important part of Colorado's economy. The product display restrictions, as proposed, would bring onerous bureaucracy into the aisles of local businesses, without evidence that some provisions would have their intended effect.

Limiting displays in grocery stores harms local producers' ability to sell their products, reduces overall grocery sales, and ultimately results in more trips to and from warehouses to restock shelves, which in turn results in more truck emissions for our distributor partners. Often, displays in independent grocery stores and local retailers are the only form of storing the product on-site, as the backrooms and cold storage areas are filled with produce and other goods. In this proposal, any surplus of beer that is stored on the sales floor of a retail location would be considered a "display" rather than inventory and would be subject to the recommended restrictions. Imposing a strict set of product placement guidelines like these would hinder stores from keeping up with product demand and eventually lead to a loss in revenue due to a lack of readily available supply for customers.

As proposed, the rule would not only hurt grocers and retailers by reducing sales, but with so few locations to display and store product, it would also stifle competition and impede new entrants to the market. The industry-wide prohibition on the ability to secure shelf space via “slotting fees,” unlike other industries, is unique to the alcohol industry and leaves the number and placements of the displays at the discretion of the retailer.

Given the potential damage these regulations would cause to this critical industry, we request that the impacts of the final rule are carefully documented, and that one year after enactment a public review process is undertaken by the Liquor Enforcement Division to ensure it is having its stated intended effect.

The beer industry is proud to say that it already adheres to strict advertising and marketing restrictions to ensure that its products and marketing materials cater to adults of legal drinking age and promote responsible consumption.

Thank you for your consideration on this matter.

Sincerely, Brian Crawford President & CEO

[End of Comments]