

If passed house bill HB17-1145 will authorize amateur winemakers to enter their wines in organized events. Currently, the State of Colorado authorizes amateur beer brewers to enter organized events under an amateur exemption clause. Under statute 12-47-106 paragraph d “authorizes the delivery to and consumption of home brewed beer in competitions, exhibitions, tastings, judgments, etc.” This bill would extend this specific part of the statute to amateur winemakers.

According to the Colorado Liquor Enforcement Division an organized event is defined as any event open to the public.¹ An organized event that is open to the public with liquor being served requires a licensed entity to be responsible for the supervision and enforcement of Colorado liquor laws. A person or entity seeking to host a public event is licensed through the Colorado Department of Revenue-Liquor Enforcement Division.

The bill would qualify amateur winemakers for the amateur exemption under Colorado liquor statute. This allows for their wares to be entered into an organized event. The wine at competitions cannot be sold to the general public. The bill limits serving portions to 6 oz. pours, the size of an average glass of wine in a restaurant.

There are many pertinent public safety concerns with respect to liquor laws. Overconsumption of alcohol has severe long term health effects. Underage consumption of alcohol is a persistent problem. Roads are a public good, and drunk driving is a serious safety issue that affects road safety. There is also the hazard of contaminated beverages being given to the public.

There are two types of cost with respect to the consumption of alcohol, internalized costs and externalized costs. An internalized cost only affects the individual in question, whereas an externalized cost harms other people. Often costs have both an internalized and externalized component.

An internalized component of the cost of consuming alcohol is the negative impact on the consumer's quality of life. For example, the suffering associated with both hangovers and liver failure is internalized. Individuals weigh the internalized costs of alcohol consumption against the benefits of consumption and maximize their utility. The internalized component of these costs does not justify government intervention.

Externalized components of the cost of consuming alcohol justifies government intervention. This is because individuals do not correctly weigh externalized costs when maximizing their own utility. For example, liver failure has many costs beyond the individuals suffering such as the cost of medical resources covered by insurance. Insurance premiums paid by society are higher due to the incidence of liver failure.

However, it is difficult to argue that passing HB17-1145 will result in substantial externalized cost born by society. In 2011 Colorado vineyards produced an estimated 1.2 million liters of wine. Consumer consumption of wine in Colorado totaled 66.1 million liters.ⁱⁱ Even assuming that Colorado vineyards sold all of their wine in Colorado, it would have only made up 1.8% of total consumption. Amateur winemakers produce smaller amounts of wine than professional vineyards. Legislating restrictions on amateur winemakers will not reduce levels of wine consumption.

With amateur winemakers producing negligible quantities of wine it is unlikely that they would contribute to an increase in DUIs. As of 2013 Colorado had higher average rates of

alcohol consumption compared to the rest of the country.ⁱⁱⁱ However, alcohol related road deaths in Colorado are lower than the national average.^{iv} Legislating restrictions on amateur winemakers is an ineffective to reduce DUI incidents in Colorado.

There is no evidence that this bill would increase underage alcohol consumption rates. National rates of underage consumption of alcohol have been falling. In 1991 70.1% of 8th graders reported drinking alcohol at least once. In 2010 the number of 8th graders reported drinking alcohol at least once was 35%. For 12th graders the number had fallen from 88% reporting to have tried alcohol at least once to 71% over the same time period.^v

Secondly, minors are already not allowed to consume alcohol at public events. Event coordinators have significant incentive to prevent underage drinking. If a minor is served the event coordinators lose their license to sell liquor or host future events. With national rates of underage consumption of alcohol falling, in conjunction with continued enforcement of Colorado liquor law, there is little risk to the health of Colorado's youth by passing this bill.

There is little potential for risk to the public from consuming contaminated amateur made wine. Wine has an antibacterial effect on pathogens.^{vi} Microbiologists at Oregon State University tested the bactericidal effects of wine on E. Coli, Listeria, Salmonella and Staph. Their findings conclude that acids in wine kill bacteria harmful to human health.^{vii}

There is the issue of ground contaminates, with arsenic levels in wine getting the most publicity. Low levels of arsenic occur naturally in ground soil. According to a United States Geological Survey conference paper, this is a result of “an upflow of geothermal water, dissolution of iron-oxide, dissolution of sulfide minerals, and evaporate concentration.”^{viii}

Naturally occurring arsenic in soils does end up in wine. Concerns about drinking unsafe levels of arsenic from wine are dismissed by most experts. To quote Denise Wilson of the

University of Washington (who published a study testing levels of arsenic in US wines) “Unless you are a heavy drinker consuming wine with really high concentrations of arsenic, of which there are only a few, there’s little health threat if that’s the only source of arsenic in your diet.”^{ix}

Passing this bill will have two positive effects on Colorado’s amateur winemakers. First, it will remove a government restriction on private behavior. Second it will remove a government created barrier to entry for amateur winemakers.

While amateur winemakers can congregate to discuss winemaking, they cannot taste other amateur wine products at organized events. There is no reason to believe that amateur winemakers tasting each other’s products under supervised conditions will have a negative external cost on society. Therefore, the government restriction on private behavior is unnecessary.

This bill removes a barrier to entry for amateur winemakers seeking to become professional winemakers. Entering organized events is a way for amateur winemakers to show off their wares and meet with potential investors. It would be hard for an amateur winemaker to try and gain interest in their product without the ability for others to taste their product. The restriction under the current statute creates an unnecessary barrier between amateur winemaker and potential investor.

In conclusion, the potential harm to the public from relaxing this liquor statute in this way is negligible. This bill also removes an unnecessary restriction on the private behavior of citizens. For these reasons the bill HB17-1145 should be passed.

ⁱ “Bulletin 15-04 Reference: Homebrew Use and Limitations.” *Colorado Department of Revenue Enforcement Division-Liquor & Tobacco*. Nov 13, 2015

ⁱⁱ Thilmany, Dawn. “The 2012 Economic Contribution of Colorado’s Wine Industry: The Role of Consumers, Wineries and Tourism in the Growth of the Industry.” *Colorado State University*. Oct 2013.

ⁱⁱⁱ “State-specific Alcohol Consumption Rates for 2013.” *Center for Disease control*. Updated Sept. 24, 2015.

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- ^{iv} “Sobering facts: Drunk driving in Colorado.” *Center for Disease Control*. Dec, 2014.
- ^v Johnston, Lloyd D., et al. "Monitoring the Future National Survey Results on Drug Use, 1975-2010. Volume I, Secondary School Students." *Institute for Social Research* (2011).
- ^{vi} Møretrø, Trond, et al. "Control of Salmonella in food related environments by chemical disinfection." *Food Research International* 45.2 (2012): 532-544.
- ^{vii} Møretrø, T., and M. A. Daeschel. "Wine is bactericidal to foodborne pathogens." *Journal of Food Science* 69.9 (2004).
- ^{viii} Welch, Alan H., et al. "Arsenic in ground water supplies of the United States." (1999).
- ^{ix} Langston, Jennifer. “Arsenic found in many US wines, but health risks depend on a total diet.” *UW Today*. Sept. 29, 2015.