



NEWSLETTER

OCTOBER 2019

Submitted by John Tayer, Chair-Elect, CCCE Board of Directors and President Boulder Chamber

A controversy was sparked in August of 2016 when all 30+ of Boulder's local brewers, vintners and distillers received a letter from the City of Boulder's Finance Department informing them that local manufacturers and wholesalers of alcohol were subject to a \$3,000 Liquor Occupancy Tax. The Liquor Occupancy Tax had been unenforced since 1974, but was discovered as part of a recent review of the City's tax code. The news caught most of Boulder's local brewers, vintners and distillers off guard and unsure of how to proceed, especially given the potentially devastating impact this new \$3,000 tax liability could have on some of the smaller industry members.

Boulder Chamber is a strong supporter of our local beverage industry. Our many various brewers, distillers and vintners have built a unique industry in Boulder that is integral to our community's identity. It is important to note, further, that Boulder's breweries alone (not counting the wineries or distilleries) contribute the following to our local economy:

- Boulder breweries employ and provide jobs to approximately 700 people.
- Boulder breweries generate approximately \$63 million of sales in the City of Boulder each year.
- Boulder breweries devote a significant amount of their time to charitable activities in the local community and make approximately a quarter-million dollars in monetary and in-kind contributions annually.

Stepping into the fray in our advocacy regarding the planned enforcement of the Liquor Occupancy Tax, the Boulder Chamber noted that at the time the tax was initially enacted, the beverage industry in Boulder was vastly different than it is today. The few existing Colorado manufacturers in 1974 operated on a much larger scale than many of Boulder's current operations. The Liquor Occupancy Tax was originally put in place to cover the municipal infrastructure and service impacts of these larger scale operations, such as Anheuser-Busch and Coors.

Due to the small size and scale of businesses in Boulder's current wine, beer and liquor production industry, the new tax assessment presented significant cost challenges that they had not been considered when they first chose to establish themselves in Boulder. Due to the threatened imposition of the Liquor Occupation Tax, we were hearing stories of businesses that had to close, relocate outside of Boulder, or were considering those options. Recognizing this impact, the Boulder Chamber's goal was to defend the small businesses of our community by working to eliminate the tax.

The Boulder Chamber's advocacy strategy entailed forging a strong coalition of our 30+ liquor license holders and industry associations, such as the Colorado Brewers Guild, the Colorado Homebrewers Association, and the national Brewers Association, to defeat the implementation of this antiquated tax. Our coalition effort led to letter writing campaigns, media coverage and state-level and national industry actions asking the Boulder City Council for an emergency halt

to enforcement of the Liquor Occupation Tax. The request was granted and, over the next year, the Boulder Chamber and owners of these small businesses worked with City staff to analyze the tax background, implications and comparisons to other communities.

Throughout the duration of the advocacy effort, the Boulder Chamber spoke to elected officials, contacted business owners, met with city staff and wrote letters to City Council. The combined effort helped our City leaders understand the significant impact of the tax and the competitive disadvantage it would present to small Boulder businesses, given that an assessment of the same nature had not been issued in any of the surrounding cities. The end result was the abolishment of the tax, helping to achieve a positive outcome for a much valued industry in our community that contributes so much to our local economy and community character.

The following is the media coverage the Liquor Occupation Tax issue received, including a report on the final outcome:

- Dec. 5, 2016 - Daily Camera article – 1974 Boulder tax back to sleep after briefly spooking booze makers: http://www.dailycamera.com/news/boulder/ci_30634042/1974-boulder-tax-back-sleep-after-briefly-spooking
- Oct. 7, 2017 – Daily Camera article – Boulder booze manufacturers left scrambling, again, as once-dormant tax shows signs of life: http://www.dailycamera.com/news/boulder/ci_31360196/boulder-booze-manufacturers-left-scrambling-again-once-dormant
- Nov. 14, 2017 – Daily Camera article – Boulder will abolish dormant tax on booze manufacturers: http://www.dailycamera.com/news/boulder/ci_31454754/boulder-will-abolish-dormant-tax-booze-manufacturers