

## **SB 554 re Self-Distribution**

**Current Situation.** Because beer is an alcoholic beverage, it is different than other consumer products and it is regulated as such. To prevent vertical integration and tied houses, the three-tier system requires alcoholic beverage manufacturers to sell to distributors and distributors to sell to retailers.

Florida's distributors promote and sell over 3500 brands brewed at over one thousand breweries, large and small, import and domestic. According to the Nielsen Company, there is more choice for consumers in alcohol than any other consumer product.

This includes 190 breweries and brewpubs located in Florida. Of the 190, over 130 have distribution agreements with one or more of 15 distributors. The remaining 60 breweries and brewpubs brew for their tasting rooms.

A major exception to the three-tier system was enacted in 2015. It allows breweries to hold up to eight retail licenses and transfer beer between affiliated breweries. However, all other alcoholic beverages must be purchased through a distributor. These retail "tasting room" privileges provide powerful incubation while maintaining the three-tier system.

**Consequences of Proposal.** SB 554 would unwind the 2015 compromise by authorizing qualified breweries to sell to unaffiliated breweries and to retailers.

Self-distribution would create confusion and litigation between breweries and distributors over existing agreements.

If enacted, self-distributing breweries would have a pricing

advantage over those that have distribution agreements. The pricing advantage is unfair to other breweries and distributors.

Except for tied house evil, the bill exempts self-distributing breweries from important invoicing and accounting laws that distributors must follow.

DABT inspections and enforcement of vehicles for shipments and excise taxes is made impossible by authorizing transportation in all manner of unmarked vehicles and no invoices.

Small breweries do not need self-distribution for incubation; the 2015 enactment granted liberal retail tasting room privileges instead.

**Opponents:**

Beer Industry of Florida

Florida Beer Wholesalers Association

Anheuser-Busch InBev

MillerCoors Brewing Company