

A. FEDERAL / NATIONAL / INTERNATIONAL

UPDATE: Small Brewer Graduated Excise Tax Rate Legislation. Bipartisan legislation seeking a graduated beer excise tax rate of \$3.50 and \$16 for domestic small brewers continues to gain support in both chambers of Congress. In the House, [H.R. 4278](#) currently enjoys the support of 81 U.S. Representatives, while [Senate Bill 3339](#) has the support of 13 U.S. Senators.

The legislation seeks to cut the small brewer rate on the first 60,000 barrels by 50 percent to \$3.50/barrel and lowers the tax rate by two dollars to \$16 per barrel on beer production above 60,000 barrels up to 2 million barrels. Breweries with an annual production of 6 million barrels or less would be eligible for these reduced rates.

The Brewers Association has developed a [resource page](#) with the information and tools small brewers need to make the case to their federal elected officials for supporting these tax relief measures.

Brewers Association Issues H.R. 5034 Position Statement. The Brewers Association has issued a formal [position statement](#) in opposition to The Comprehensive Alcohol Regulatory Effectiveness Act of 2010 (H.R. 5034). The legislation, advocated by the National Beer Wholesalers Association (NBWA), seeks to strengthen state control of alcohol regulation through a variety of means, including addressing what NBWA sees as a growing number of court rulings undermining states' regulatory primacy on alcohol issues.

American Craft Beer Week Recognized by Feds. The U.S. House of Representatives has passed [House Resolution 1297](#), recognizing the both the goals of American Craft Beer week and the economic contributions of America's small brewers. Introduced by Representative Betsy Markey of Colorado, the resolution received the support of 65 other Representatives before passing the House by voice vote.

B. THE STATES

Distribution and Franchise:

Louisiana

Signed into law by the Governor, [House Bill 907](#) removes an exception in state law that allowed an out-of-state manufacturer to hold a wholesaler permit. The legislation clarifies that those holding a manufacturer's permit, retail dealer's permit or a microbrewer's permit may not also hold a wholesale dealer's permit unless that person held both a wholesale dealer's and retail dealer's permit continuously since July 31, 1946.

Pennsylvania

The Malt Beverage Distributors Association of Pennsylvania has collected 65,000 signatures in a statewide petition drive to allow distributors to sell six packs.

Washington

A petition drive is underway in Washington State to privatize the sale of liquor. The consumer group Modernize Washington is collecting signatures prior to the July 2 deadline to ensure that [Initiative 1100](#) is placed before the state's voters on the November 2 ballot.

Direct Shipping:

Delaware

[House Bill 180](#) would permit wine producers holding a valid license in Delaware or another state to obtain a license and ship wine directly to Delaware consumers so long as it is done through a common carrier with a "Carrier Permit". The bill also requires obtaining the signature of a person 21 years of age or older before delivery of the wine and limits the amount of wine that a person could have shipped to twelve 9-liter cases per year.

New Hampshire

Passed by both legislative chambers, [H.B. 1352](#) alters the reporting requirements for direct shippers of alcoholic beverages and the limitations on the number of containers of liquor and wine a direct shipper may ship to a customer.

Rhode Island

[H.B. 8147](#), permitting the direct shipping of wine to consumers, has been introduced and immediately held in committee for further study.

Taxation:

Massachusetts

The House has failed to act on legislation repealing last year's budget provisions raising the sales tax from 5% to 6.25% and removing the sales tax exemption on alcohol.

Trade Practice & Other:

California

Passing the Assembly and receiving favorable committee consideration in the Senate, [A.B. 2134](#), the California Small Brewers Association-sponsored Beer Maker Dinner bill, would allow licensed brewers to conduct and participate in events called "Beer Maker Dinners" for consumers held at restaurants that purchase a brewer's products featuring craft beers paired with food. This measure creates a tied-house exception similar to one in existing law for winemakers.

Delaware

Passing the House, [House Bill 447](#) is meant to encourage tourism at Delaware-licensed microbreweries. Current Delaware law permits an individual to have an interest in up to two brewery-pubs and a microbrewery, but under a strict reading of the statute the individual could

only sell for consumption off of the premises at two of the three licensed premises. This bill makes clear that this limitation does not apply to microbreweries and brewery-pubs. Additionally, following the federal small brewer production threshold, the bill would allow microbreweries to brew up to 2 million barrels with the hope that this could attract larger microbreweries to Delaware.

Louisiana

Passing the House and receiving initial Senate committee approval, [House Bill 1484](#) would create a free three-day permit, allowing the possession, serving and consumption of homemade beer, mead and other fermented beverages at businesses licensed for on premises consumption of alcohol. This provision allows homebrew clubs to legally hold club meetings, competitions and other organized events at bars, restaurants and other licensed establishments.

New Jersey

[Senate Bill 1904](#) joins [Assembly Bill 2591](#), the "New Jersey Grocery Store Economic Development Act," in seeking to increase the number of retail licenses that a person may acquire when the license or licenses are used in connection with the operation of a retail food store, or in connection with the operation of a liquor store when the licensee certifies that at least 90 percent of the store's annual sales are alcoholic beverages. Current law prohibits any person or corporate entity from holding more than two retail licenses to sell alcoholic beverages.

New York

After being introduced in 2009, companion bills [A.B. 7151](#) and [S.B. 3246](#) are once again under consideration. The legislation would permit those with licenses to sell beer or wine products for consumption off premises to provide beer samples in their licensed establishments.

Relating to alternating proprietorships, [S.B. 6970](#) allows for premises including space and equipment to be rented by a licensed tenant brewer and allows for brewers to manufacture produce, blend, package, bottle, purchase, sell and deliver alcoholic beverage beverages.

South Carolina

Signed into law by the Governor, [House Bill 4572](#) allows the holder of a retail permit for the sale of beer for off-premises consumption whose primary product is beer or wine to conduct not more than twenty-four beer tastings at any one retail location in a calendar quarter. The bill additionally allows a brewery the ability to serve samples of 4 brands and sell up to a case equivalent (288 ounces) per person per day.