

A. FEDERAL / NATIONAL / INTERNATIONAL

Small Brewer Graduated Excise Tax Rate Reduction Bill Introduced in Senate. [Senate Bill 3339](#), seeking a graduated beer excise tax rate of \$3.50 and \$16 for domestic small brewers, has been introduced by Senators John Kerry (D-Massachusetts) and Mike Crapo (R-Idaho).

The Senate legislation mirrors the tax reduction provisions contained in [HR 4278](#), the bipartisan House bill which currently enjoys the support of 68 U.S. Representatives, cutting the small brewer rate on the first 60,000 barrels by 50 percent to \$3.50/barrel and lowering 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.

Distilled Spirits Council Calls Out TTB on Labeling. Calling the Alcohol and Tobacco Tax and Trade Bureau's proposed serving facts label inadequate because there are no requirements for alcohol content and "standard" drink information, the Distilled Spirits Council (DISCUS) is urging the Obama administration to rethink the proposal and add very specific provisions including: serving sizes are 1.5 fluid ounces for 80-proof distilled spirits, 12 fluid ounces for regular beer, 5 fluid ounces of wine; the amount of alcohol per serving is required to be disclosed in the "Serving Facts" panel; and the text in the panel should state "a standard drink contains 0.6 fluid ounces of alcohol."

TTB Audits Resource Direct From the Source. The Tax and Trade Bureau has made the presentation [What to Expect During a TTB Audit or Investigation](#) available on line.

B. THE COURTS

Small Brewer Self-Distribution Rights Under Threat in Illinois. The latest development in the Anheuser-Busch InBev (ABI) dispute with the Illinois Liquor Control Commission (ILCC) is troubling for the state's small brewers. The disagreement began with the ILCC's ruling that the brewer could not buy Chicago distributor City Beverage because, under state law, it is barred from operating as a distributor. ABI disagreed, claiming the ILCC decision violates the commerce clause of the U.S. Constitution by restricting its interstate business, and filed suit in federal court. Now the Wine and Spirits Distributors of Illinois has filed a motion to intervene based on their belief that the ABI lawsuit threatens the integrity of the three-tier system because no brewer supplier can act as a distributor in Illinois under its interpretation of the Liquor Control Act, which is at odds with the state's reading of the law which is that in-state brewers

can act as distributors. With a court potentially set to decide on which interpretation holds sway, self-distribution, which several Illinois small brewers engage in, could be in jeopardy.

Arizona Direct Shipping Volume Caps Upheld. The Ninth Circuit Court of Appeals has upheld the decision of a lower court and ruled that the Arizona law allowing wineries with a production of less than 20,000 gallons a year to ship direct to consumers and retailers is constitutional. The court found no evidence of discriminatory effect on larger, out-of-state wineries (which are allowed to ship two cases per year to consumers who have made in person purchases at the winery), in part because the number of small out-of-state wineries that benefit is quite large.

C. THE STATES

Distribution and Franchise:

Louisiana

Senate Bill 51 would remove an exception in state law that allows an out-of-state manufacturer to hold a wholesaler permit. Currently, this is allowed if the manufacturer held the wholesale permit for at least 15 years prior to February 2003.

Direct Shipping:

New Hampshire

Under the provisions of H.B. 1352 the reporting requirements for direct shippers of alcoholic beverages would be altered and the limitations on the number of containers of liquor and wine a direct shipper may ship to a customer are modified.

Rhode Island

S.B. 2029, permitting the direct shipping of wine to consumers, has been indefinitely held in committee.

Tennessee

Withdrawn from further consideration, S.B. 2179 sought to authorize those licensed as wine manufacturers, producers, suppliers, importers, wholesalers, distributors and retailers to ship wine directly to Tennessee residents who are 21 years old or older.

Taxation:

Florida

Dying in a Senate Committee, Senate Bill 2224 sought to raise the malt beverage excise tax 16 cents to 56 cents per gallon.

Georgia

[House Bill 1488](#) would allow local jurisdictions choosing the option to levy an excise tax on beer, wine and distilled spirits to increase the amount of the tax by the package at either wholesale or retail by 11 cents (to 33 cents per liter) and by the drink by 2 cents (to 5 cents).

Montana

The Montana Common Sense Coalition is urging legislators to impose a five cent per drink tax on alcoholic beverages in an attempt to reduce incidents of driving while intoxicated.

Pennsylvania

[Senate Bill 1296](#) calls for small brewer (under 1.5 million barrels annually) tax credits on capital equipment up to \$200,000 per year.

Trade Practice & Other:

Alabama

[Senate Bill 328](#), the Alabama Brewpub Act, seeks to allow brewpub licensees to sell beer brewed on-premises to a licensed wholesaler for distribution to retail licensees. After passing the Senate, the bill has now received favorable consideration by a House committee and has been reported for full House consideration.

California

[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.

Colorado

Following the bill sponsor's admission that votes to pass the legislation were lacking, [House Bill 1279](#) died in committee. The legislation sought to allow grocery stores that earn at least 51 percent of their annual revenues from food sales to purchase liquor stores within 1,000 feet and sell beer, wine and liquor inside those stores. Opponents of the measure, including the Colorado Brewers Guild, held that such an allowance would enable grocery stores to sell full strength beer.

Hawaii

Awaiting the Governor's action, [S.B. 2545](#) increases the on-premises brewpub licensee manufacturing limit from 10,000 to 30,000 barrels. Additionally, it allows brewpub licensees to directly sell liquor manufactured on the premises to other brewpub licensees and to consumers, and to conduct activities at one location other than the licensee's premises.

Louisiana

[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

[Assembly Bill 2591](#), the "New Jersey Grocery Store Economic Development Act," increases 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.

Oklahoma

Homebrewing legalization legislation ([H.B. 2348](#)) has been signed into law by the Governor.

South Carolina

[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 provisions of [House Bill 3693](#), allowing a brewery the ability to serve samples of 4 brands and sell up to a case equivalent (288 ounces) per person per day, have now been added to H.B. 4572 which has passed Senate committee.

Tennessee

[House Bill 3522](#), allowing manufacturers holding a retail license to be able to have paid tastings, has been signed into law by the Governor.

Vermont

With the Governor's signature, [House Bill 695](#) has become law. The legislation provides that the liquor control board may grant a license permitting the sale of alcoholic beverages to the public at a malt beverage manufacturer's premises, which includes up to two licensed establishments that are located on the contiguous real estate of the holder of the manufacturer's license, provided the manufacturer owns or has direct control over those establishments.

A House concurrent resolution ([HCR 331](#)) recognizing American Craft Beer Week in Vermont has been adopted by that chamber.

Wisconsin

[A.B. 900](#), relating to the issuance of temporary alcohol beverages licenses to nonprofit organizations authorizing the sale of beer or wine at fund-raising events, has failed to pass Assembly committee.