

A. FEDERAL / NATIONAL / INTERNATIONAL

Small Brewer Graduated Excise Tax Rate Reduction. Support continues to grow for [HR 4278](#), legislation seeking to enact a graduated beer excise tax rate of \$3.50 and \$16 for America's small brewers, with the legislation now receiving the support of 44 U.S. Representatives.

The bill incorporates the small brewer excise tax reduction component of the previously introduced H.R. 836, which would cut the tax rate in half to \$3.50/barrel on the first 60,000 barrels, but also contains a provision to lower the upper tax rate to \$16 per barrel on beer production above 60,000 barrels up to 2 million barrels for brewers with an annual production of less than 6 million barrels.

The Brewers Association has developed a [resource page](#) with the information and tools small brewers need to make the case to their U.S. Representatives for supporting this tax relief measure.

National Beer Wholesalers Association Unveils CARE Legislation. On the heels of a mid-March U.S. House of Representatives Judiciary subcommittee hearing on legal issues concerning state alcohol regulation, legislation advocated by the National Beer Wholesalers Association (NBWA) was introduced in the House. The Comprehensive Alcohol Regulatory Effectiveness Act of 2010 ([CARE Act](#)) 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. The Brewers Association is currently reviewing the legislation and its potential effects on small brewers.

B. THE STATES

Direct Shipping:

Iowa

With the Governor's signature, [Senate Bill 2088](#) has become law. The legislation contains provisions which bring Iowa into compliance with the Supreme Court's Granholm decision, allowing all in-state and out-of-state wineries to ship direct to Iowa residents.

Louisiana

[S.B. 164](#) authorizes the direct shipping of sparkling wine and still wine by Louisiana wine retailers to consumers inside and outside the state.

Maryland

Receiving an unfavorable committee report, [House Bill 716](#) had sought to establish a direct wine shipper's license.

Washington

[House Bill 2099](#) creates a wine retailer shipper's permit which allows out-of-state online retailers to ship up to two cases of wine or cider per month to a Washington resident 21 years of age or older.

Taxation:

California

[A.B. 1694](#), seeking a nickel-a-drink tax to raise funding for alcohol abuse programs, as failed in a committee vote.

A November ballot initiative seeking to raise alcohol taxes has been cleared for the collection of signatures by the California Secretary of State. Reportedly the measure would raise the tax on a six-pack of beer from 11¢ to \$6.08, raise the total tax on a 750 ml bottle of distilled spirits from 65 cents to \$17.57 and raise the tax on a 750 ml bottle of wine from 4 cents to \$5.11. The additional revenue would support alcohol-related programs and services. Interestingly, the Secretary of State anticipates that revenues will fall due to a decline in consumption. To be placed on the ballot, 433,971 signatures need to be collected.

Florida

Passing a Senate Committee, but still under Senate consideration, [Senate Bill 2224](#) seeks to raise the malt beverage excise tax 16 cents to 56 cents per gallon.

Kansas

A committee vote tabled [House Bill 2593](#) which would double taxes on alcoholic beverages, taking the per gallon tax on beer up to 36 cents.

Mississippi

[H.B. 592](#), calling for an increase on the excise tax and markup of all alcoholic beverages, has died in committee.

New Jersey

[Assembly Bill 2586](#) reduces the alcoholic beverage excise tax rate imposed on liquor, wine, vermouth, sparkling wine, and hard cider, but not on beer.

Washington

[Senate Bill 6143](#), containing provisions raising the excise tax on beer from 26 cents a gallon to 76 cents per gallon, has been approved. An exemption is provided for the first 60,000 barrels sold by small breweries. The increase expires in 2013.

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. The bill has passed the Senate is under House consideration.

California

Failing to pass out of committee, [A.B. 1598](#) was modeled on draft legislation brought forward by anti-alcohol group Marin Institute, which sought to prohibit the import, production, manufacture, distribution, or sale of caffeinated malt beverages at retail locations within the state. A caffeinated malt beverage is defined as “a beverage for which the producer is required to file a formula for approval with the United States Alcohol and Tobacco Trade and Tax Bureau pursuant to Section 25.55 of Title 27 of the Code of Federal Regulations, that is not exempt under subdivision (f) thereof, and is either of the following:

(1) A beverage containing at least 0.5 percent alcohol by volume that is produced by a brewer, as defined in Section 5092 of Title 26 of the United States Code, to which is added or infused caffeine or other stimulants, alone or in combination, including, but not limited to, guarana, ginseng, and taurine.

(2) A beverage containing at least 0.5 percent alcohol by volume that is treated by processing, filtration, or another method of manufacture that is not generally recognized as a traditional process in the production of beer, as described in Section 25.55 of Title 27 of the Code of Federal Regulations, to which is added a flavor or other ingredient containing alcohol, except for a hop extract, and caffeine or other stimulants, alone or in combination, including, but not limited to, guarana, ginseng, and taurine.

Colorado

Following the failure of [House Bill 1186](#) to pass committee, which sought to allow the sale of malt liquor in convenience stores (defined as retail businesses of less than 5,000 square feet and offering quick purchases of food, beverages, or gasoline but not a pharmacy) which otherwise would be limited to selling 3.2% beer, a ballot initiative has been filed that would allow grocery stores to sell full-strength beer, liquor and wine, as well as allowing convenience stores to offer full-strength beer.

Connecticut

Specifically promotes the production and sale of Connecticut-microbrewed beer, [H.B. 5276](#) failed to receive consideration before the legislative deadline.

Georgia

The provisions of [House Bill 1426](#) call for increasing the allowable barrelage a brewpub may sell to a licensed wholesaler for distribution from 500 to 5,000 barrels annually.

Tastings and free samples following tours of brewery premises are sanctioned for craft brewers (defined as producing not more than 250,000 barrels annually) under the provisions of [H.B. 1313](#).

Hawaii

Currently in conference committee, [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.

Illinois

Having passed the Senate, [S.B. 3044](#) provides that a manufacturer, non-resident dealer, distributor, importing distributor, or foreign importer who owns or controls a trademark, brand, or name of an alcoholic liquor may amend or withdraw the registration for the alcoholic liquor, if he or she notifies, at least 30 days prior to the effective date of the amendment or withdrawal, any person to whom the manufacturer, non-resident dealer, distributor, importing distributor, or foreign importer has granted the right to sell the alcoholic liquor at wholesale.

Kansas

[H.B. 2537](#) sought to allow the sale of full strength beer (above 3.2% abv) in convenience and grocery stores, however the committee it was assigned to declined to consider the measure.

Louisiana

[House Bill 503](#), the Louisiana Homemade Beer Law, clarifies the status of homebrewed beer by recognizing that every person shall have the right to make homemade beer for personal, family, domestic, or household use only, free of all restraint by other provisions of the Alcoholic Beverage Control Law.

New Jersey

[S.B. 476](#) sought to remove the two retail distribution license limit for certain food stores and liquor stores, but has been withdrawn from consideration.

New York

Relating to alternating proprietorships, [A.B. 10031](#) 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.

Oklahoma

Homebrewing legalization legislation ([H.B. 2348](#)) has passed both the full House and Senate committee and is awaiting a floor vote in the Senate.

South Carolina

Receiving a favorable committee report, [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.

Passing the House unanimously, [House Bill 3693](#) allows, under very specific conditions, the sampling or tasting of beer conducted by a licensed microbrewery or manufacturer.

Tennessee

Having passed both chambers, [House Bill 3522](#) (allowing manufacturers holding a retail license to be able to have paid tastings), awaits action by the Governor.

Utah

[House Bill 299](#), requiring the posting of a warning related to the effects of consuming alcohol during pregnancy by alcohol retailers, has been signed into law.

Washington

[Senate Bill 6329](#) has been signed into law by the Governor. The bill authorizes a grocery store licensed to sell beer and/or wine may obtain an endorsement to offer beer and wine tasting. A store seeking to obtain the endorsement must meet the following criteria: at least half of the gross sales of the store must be from retail sales of grocery products for off-premise consumption or the store must be a membership organization; the store must be at least 9,000 square feet; and the store cannot have more than one public safety violation within the past two years.

Also signed into law, [S. B. 6485](#) increases the amount of spirits a craft distillery can distill from 20,000 to 60,000 gallons.