



RHODE ISLAND LIQUOR OPERATORS COLLABORATIVE

REPRESENTING RHODE ISLAND'S INDEPENDENT LIQUOR RETAILERS

H7842 - Against

14 March 2024

Dear Chairwoman McEntee and Committee Members:

The Rhode Island Liquor Operators Collaborative opposes House Bill 7842.

Breweries have done a great deal to improve tourism in the State of Rhode Island. With over one brewery per municipality at this point, one could say that the brewery business, with emphasis on their taproom sales, is thriving.

Over the past decade, breweries have gone from not being able to sell any beer at retail direct-to-consumer to being able to sell 48-16 ounce cans per consumer per day. This concession by the liquor retail industry did indeed affect our collective bottom lines, but with the old adage of "all ships rise with the tide", the craft beer industry in this state has improved, with many craft brewers even participating in the three-tier system with sales in Class A accounts.

This bill feels a bit different. Why is it so important for a brewery to sell a ½ barrel (which is 56-12 pours) to-go? It is a way to circumvent the three-tier system. This legislation is a way for breweries to sell kegs to bars without a wholesale license. Furthermore, RI Breweries do not pay excise taxes on all beer up to 100,000 barrels per year. To put that number in perspective, Whalers Brewing in Peacedale, which is considered one of if not the largest brewery in the state, only brews 30,000 barrels of beer annually. Also, breweries in Massachusetts do not have the ability to sell kegs direct-to-consumer, either, while still having to pay their full share of excise taxes.

Wholesalers play an important role in the three-tier system, especially when dealing with draft beer. Wholesalers, who have a vested interest in draft beer systems pouring correctly, oftentimes are the entities who service draft systems within bars and restaurants. Wholesalers also assist in the cleaning of these systems.

The Three-Tier System exists primarily to ensure product is authentic and not counterfeit, ensure product gets to the public in a safe manner, and ensure taxes are collected.

Draft beer service should not be taken lightly. In December, Burke Street Pub in Winston-Salem, NC had an incident resulting in death. Burke Street Pub hired a third party to clean their beer lines. The third party did not wash out the toxic cleaner out of the draft lines before re-installing the keg of beer onto the line. This resulted in consumers being served toxic cleaner and not beer. Three consumers drank the cleaner, with one perishing. Serving draft beer requires accountability and expertise. This is a public health concern.

If you have any questions, please don't hesitate to contact us at RILiquorOperatorsCollaborative@gmail.com.

Sincerely,

A handwritten signature in cursive script that reads "Nicholas A. Fede, Jr.".

Nicholas A. Fede, Jr.

Director

Rhode Island Liquor Operators Collaborative