



# **RHODE ISLAND LIQUOR OPERATORS COLLABORATIVE**

**REPRESENTING RHODE ISLAND'S INDEPENDENT LIQUOR RETAILERS**

## **H7493 - OPPOSE**

25 March 2026

Dear Chairwoman Shallcross Smith and Committee Members:

The Rhode Island Liquor Operators Collaborative opposes House Bill 7493.

House Bill 7493 represents a significant shift in how alcohol is sold and distributed, and its expansion of the satellite taproom model strikes at the very core of the three-tier system. While it may be presented as a way to support local breweries, the broader implications reveal a dismantling of the structure that has long ensured fairness, competition, and accountability in the marketplace.

The three-tier system is intentionally designed to separate manufacturers, wholesalers, and retailers. That separation prevents any one entity from controlling the entire supply chain and protects against tied-house dynamics that historically led to market domination and reduced consumer choice. H7493 weakens that separation by allowing breweries, through expanded satellite taprooms, to operate as retailers while still maintaining their role as manufacturers.

These satellite taprooms are no longer limited, brand-building experiences. They evolve into vertically integrated retail outlets where a producer controls production, pricing, distribution, and final sale to the consumer. That is a direct erosion of the three-tier system and creates an uneven playing field for independent retailers, both on- and off-premise, who must operate within strict regulatory boundaries and rely on wholesalers for access to inventory.

The wholesale tier is particularly impacted. Wholesalers serve as the backbone of a fair marketplace—ensuring consistent pricing, broad product access, regulatory compliance, and efficient logistics. When producers bypass this tier, it fragments distribution and removes the equalizing force that allows small retailers to compete. Without wholesalers, access to products becomes selective, pricing becomes inconsistent, and relationships—not regulations—begin to dictate who gets what and at what cost.

Beyond the immediate impacts, the unintended consequences are significant. Once the barrier between tiers is weakened, other segments will seek similar exemptions, accelerating the erosion of the system. Over time, this leads to consolidation, reduced competition, and fewer choices for consumers.

In practice, H7493 does not modernize the system—it destabilizes it. By blurring the lines between manufacturing, wholesale, and retail through expanded satellite taprooms, it undermines the checks and balances that have protected small businesses for decades and sets a dangerous precedent for the future of alcohol regulation.

Sincerely,

Nicholas A. Fede, Jr.  
Executive Director

Rhode Island Liquor Operators Collaborative