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ABDI Applauds Passage of SB 754

Legislation to Allow Small Brewers Self Distribution Sent to Governor Quinn

SPRINGFIELD, IL – May 2011 – SB 754, legislation to allow craft brewers to self distribute, was passed by the House today. The Senate passed the bill 48 Yes – 1 No on May 3, 2011. SB 754 now goes to Governor Quinn and his expected approval. The bill would become effective upon the Governor’s signature. This legislation addresses a ruling by Judge Dow in the suit, Anheuser-Busch InBev v. Schnorf.

SB 754 was sponsored in the House by Rep. Frank Mautino (D-Spring Valley) with more than 70 co-sponsors. Bill Olson, President of Associated Beer Distributors of Illinois (ABDI), which supported the passage of SB 754, stated, “ABDI believes that the small craft brewers should continue to be allowed the ability to self distribute and should not lose that self-distribution ability because of Anheuser-Busch’s suit.” Passage of SB 754 helps craft brewers develop a marketplace presence, increase awareness of their product, and develop customer interest.

In 2010, Anheuser-Busch InBev (ABI) filed a suit in federal court claiming discrimination because in-state and out-of-state brewers were treated differently on their ability to own distributorships. The judge ruled that there was discrimination, but to remedy the unconstitutionality, out-of-state brewers should not be given self distribution privileges because it “would be more disruptive to the existing statutory and regulatory scheme than the alternative remedy of withdrawing the self-distribution privilege from in-state brewers.” Judge Dow’s remedy would require in-state brewers (two brewers) to surrender their licenses to self distribute.

Judge Dow then stayed his ruling to give the General Assembly a period of time to act. SB 754 creates a craft brewer license and allows craft brewers and only craft brewers to self distribute their beer. This would prevent the small in-state brewers from losing their ability to self distribute.

Anheuser-Busch InBev opposed the passage of SB 754 because it would establish the General Assembly’s legislative intent as large brewers should be prohibited from being distributors; only small, start up craft brewers should have the ability to self distribute.” At the hearing on SB 754 before the House Executive Committee, the Illinois Craft Brewers Guild (ICBG) expressed “reluctant support” for the passage of SB 754. The ICBG wanted to amend the bill to permit brew pubs to self distribute. Olson stated that, “Judge Dow’s decision has nothing to do with brew pubs distributing. In fact,” he stated, “it would probably result in ABI filing another suit claiming that brew pubs are brewers and can distribute, ABI is a brewer and is prohibited from distributing, therefore, ABI is once again being discriminated against.”

“If ABI is allowed to own distributorships, the ability for craft brewers, new imported brands, and new domestic brands will have a reduced access to market. Independent distributors provide an avenue for those products that brewery-owned distributors won’t,” continued Olson. ABI-owned distributorships would have no reason to distribute brands other than ABI brands.

A national survey conducted in April 2010 confirmed that 79 percent of Americans support the right of states’ ability to set the alcohol laws and regulations that help keep them safe. The survey (conducted by Whitman Insight Strategies and Wilson Research Strategies) also revealed the same vast majority of Americans are concerned about foreign-owned companies’ influence and think that the American regulatory system and Illinois’ local control over alcohol sales are increasingly important in safeguarding our public health. The survey is available at http://www.centerforalcoholpolicy.org/wp-content/uploads/2009/08/CAP_National_Alcohol_Survey_2011.pdf.

Beer distributorships, independent businesses in the three-tier regulatory system, play a vital role in promoting public safety, controlling how alcohol enters Illinois, and make contributions to the Illinois economy. These independent distributors represent fair competition; they are easier to regulate than an out-of-state brewer; and they are part of the local communities they service.

Some of the benefits provided by an independent beer distributor and the three tier regulatory system include the following:

- Keeping the marketplace competitive by providing a means for all brewers to obtain distribution to assure that new beer brands and innovative products can be introduced
- Providing the costly warehousing, transportation, and delivery of beer to store shelves, which allows smaller brewers to reach a larger consumer base
- Providing customized inventory management for retailers
- Maintaining a regulatory system that allows products shipped by a brewer and sold by a retailer to be tracked which means only authentic, fresh products make their way to the market place
- Acting as a safeguard against underage drinking; distributors only sell beer to licensed retailers, who in turn are responsible for selling beer only to consumers of legal drinking age
- Training retailers, restaurants, and bars staff on public safety programs to ensure that alcohol is only sold to those 21 years of age and older.

The Associated Beer Distributors of Illinois, a not for profit business trade association, represents, maintains, and improves the interests of its members who distribute beer of all brewers. ABDI advocates value in the state-based regulatory system by being the unified voice for beer distributors on legislation and regulation, by promoting responsible beer consumption, and by providing educational and other services to meet its members’ needs. Distributors are licensed by the State of Illinois to import and distribute beer to licensed retailers.

For more information about ABDI, visit www.abdi.org.

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