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## **Illinois Beer Distributors Applaud Passage of Legislation to Allow Small Craft Brewers Self Distribution**

SPRINGFIELD, IL – MAY 2011 – Legislation passed in the Senate today to address brewery-owned distributorships in Illinois. The legislation, SB 754, would permit both in-state and out-of-state craft brewers to self distribute their products. Craft brewers are defined as producing less than 15,000 barrels of beer. This action by the General Assembly is intended to address a ruling by Judge Dow in the suit, Anheuser-Busch InBev v. Schnorf.

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.

The Associated Beer Distributors of Illinois (ABDI) applauds the passage of this legislation. “ABDI believes that the small craft brewers should continue to be allowed to distribute their beer. When they went into business they thought they could distribute their beer and should not lose that self-distribution ability because of Anheuser-Busch’s suit,” said Bill Olson, ABDI President.

SB 754 creates a craft brewer license and allows craft brewers to self distribute their product. This would prevent the small in-state brewers from losing their ability to self distribute. The legislation would not permit Anheuser-Busch – which was purchased by international brewer InBev, located in Belgium, on November 18, 2008 – to own distributorships. InBev is recognized for its cost cutting measures. Within two (2) months of acquiring Anheuser-Busch, the workforce was reduced by 1,400 people. “If ABI is allowed to own distributorships, there is the potential that they will eliminate jobs in Illinois which would harm Illinois’ economy and reduce Illinois’ tax base when taxes are needed to meet the State’s obligations,” Olson continued.

Support for passage of SB 754 includes small Illinois alcohol retailers represented by the Illinois Licensed Beverage Association (ILBA) and the Beverage Retailers Alliance of Illinois (BRAI) who represent licensees that are dependent upon an effective distribution system. These Illinois small businesses provide thousands of Illinois jobs and are major contributors to Illinois’ economy.

The action by the Illinois General Assembly, and the ability of states to regulate alcohol, was recently affirmed by a national survey, commissioned by the Center for Alcohol Policy (CAP), in March 2011. It confirmed that 77 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) revealed the same vast majority of Americans are concerned about foreign-owned companies' influence and think that the American regulatory system and Illinois' local controls over alcohol sales are increasingly important in safeguarding our public health.

"We are committed to working with policy makers, our beer distributor members, and the public to ensure that only safe and authentic products are sold in Illinois," continued Olson. "The survey shows that fewer than one in five adults believe global corporations should be in charge of alcohol distribution."

Beer distributorships, independent businesses in the three-tier regulatory system, play a vital role in promoting public safety and 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. The CAP survey also revealed that 75 percent of Americans believe local businesses should be in charge of alcohol distribution in their community since they better understand the preference of their community.

Additionally 76 percent of Americans support the current regulatory system that includes the producer-distributor-retailer-consumer chain. Support was very strong across the demographic spectrum and includes majorities of those who generally favor the free market over regulation. This demonstrates that even those who philosophically oppose regulations support the current system when it comes to alcohol.

The role of an independent beer distributor and the three tier regulatory system includes the following:

- Keeping the marketplace competitive by providing a means for all brewers to obtain distribution in Illinois
- 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 marketplace
- Unlocking the market for new beer brands and innovative products to be introduced
- 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 bar 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 and to download related court filings, visit [www.abdi.org](http://www.abdi.org). The Center for Alcohol Policy (CAP) survey is available at [http://www.centerforalcoholpolicy.org/wp-content/uploads/2009/08/CAP\\_National\\_Alcohol\\_Survey\\_2011.pdf](http://www.centerforalcoholpolicy.org/wp-content/uploads/2009/08/CAP_National_Alcohol_Survey_2011.pdf)

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