



THE WHOLESALE BEER AND WINE ASSOCIATION OF OHIO

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Testimony on Amended Substitute House 33
Ohio Senate Committee on Finance
Senator Matt Dolan, Chair
Jacob C. Evans, Counsel for Legislative Affairs

Chairman Dolan, Vice Chairman Cirino, Ranking Member Sykes and Members of the Senate Committee on Finance, my name is Jacob Evans and I represent the Wholesale Beer and Wine Association of Ohio. Thank you for the opportunity to speak before you today.

On behalf of Ohio's independent, family-owned alcohol beverage distributors and their roughly 5,000 employees, we wanted to thank you for taking the time to consider Amended Substitute House Bill 33 (the "Budget Bill"). We are aware of an amendment that would change Ohio's Alcohol Beverage Franchise Law by exempting manufacturers under a certain barrelage cap (250,000 barrels).

Ohio's Alcohol Beverage Franchise Act was enacted in 1974 and has been amended by five General Assemblies since its inception. The purpose of this law is to promote a contract between a wholesale distributor of beer and the supplier (brewer) of beer. It provides certain scenarios when a termination is allowed immediately and leaves other situations, known as "just cause" to the contracting parties. We believe that the law in its current form has served the industry and consumers well as the number of craft brewers in Ohio is now in excess of 400 (which has roughly doubled since 2015).

As proposed, the submitted language would exempt all craft brewers from the franchise law. In Ohio, 100% of the craft brewers (those that hold an A1c liquor permit) are under 250,000 barrels. Further, 99.3% of all brewers registered with the Department of Treasury's Tobacco Tax and Trade Bureau (TTB) are under 250,000 barrels.

This would result in some of our members having their entire beer business portfolio put in jeopardy. While most of our members have large, legacy brands in their portfolio, our members that do not have Anheuser Busch, MillerCoors or another large national brewer could see all of their beer suppliers be exempted from the franchise law.

The reality is that the Alcohol Beverage Franchise law is a major reason that craft brewers are able to work with wholesalers. The law allows for a wholesaler to make independent business decisions that a supplier may not retaliate against them for making; this includes a brewer terminating a wholesaler for working with another brewer. Craft beer is on our members' trucks because the wholesaler could add the craft brewer without fear of reprisal from another brewer.

Therefore, we would respectfully request that the Ohio Senate not included this proposed change in Am. Sub. HB 33. This is a significant part of the regulatory framework that has supported the craft brewing industry in being able to partner with wholesalers and the proposed change will dramatically change both existing relationships and future relationships in a one-sided and unfair way.

On behalf of the members of the Wholesale Beer and Wine Association of Ohio, thank you for listening to our concerns. I would be more than happy to try to answer any questions you may have at this time.