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The Arizona Craft Brewers Guild and the Beer and Wine Distributors of Arizona Oppose Anti-Business Bill Targeting Successful Microbrewing Industry

Phoenix, AZ – SB 1437, supported by the Arizona Wine and Spirits Wholesaler Association (AWSWA), is a punitive, anti-business, pro-regulation bill targeting Arizona’s booming microbrewing industry. SB 1437 attempts to stifle successful businesses and job creators at a time when Arizona is facing a \$1 billion budget shortfall. The Arizona Craft Brewers Guild and the Beer and Wine Distributors of Arizona adamantly oppose the bill in its current form as it would do irrevocable harm to the microbrewing industry.

AWSWA alleges SB 1437 will help strengthen the current three-tier system that regulates the production, distribution, and sale of alcohol, but in reality it serves as a Trojan horse to limit free enterprise and stifle marketplace competition, specifically the growth of microbreweries.

“While pretending to care about Arizona's microbrewers, AWSWA's bill shows their real agenda. It completely strikes and rewrites our existing law, turning it into a confusing and contradictory mess that is totally anti-growth. They did this without having the courtesy to talk to any member of our Guild. It's the absolute height of arrogance: AWSWA's three mega-sized, wine and spirit wholesalers- with market valuations of well over \$3 billion each – pretending to know what’s best for Arizona and our microbrewers,” said Rob Fullmer, Executive Director of the Arizona Craft Brewers Guild.

Punitive, anti-business regulations in the AWSWA bill include:

- The shutting down of restaurants and retail establishments upon obtaining a producer’s license.
- The elimination of a microbrewery’s ability to sell beer for consumption at the brewery.
- The elimination of self-distribution for some of Arizona’s smallest and newest microbreweries.
- An overall limitation of 160,000 barrels for multiple locations when now microbreweries may build an unlimited amount of 40,000 barrel facilities. This creates another unnecessary layer of government regulation that requires businesses to incur additional

investments of multi-million dollars, and impedes and discourages growth in the industry.

In general, AWSWA's bill is riddled with stifling measures that ensure that the Arizona microbrewery industry lacks all viable opportunities to experience the level of growth seen in other states. For instance, the intent of SB 1437 is to make it impossible for a business to hold a microbrewery license and producer license, which would stifle growth. Also, the bill's intent section significantly impedes the ability for a microbrewery to alter its ownership, or to sell its business. Any grandfathering rights given to current Arizona breweries are severely limited and will eventually call for the closing of restaurants of Arizona's most popular breweries.

The bill comes as a direct reaction to pro-business SB 1030, sponsored by Senator Kelli Ward (R, LD5), which will encourage job creation and growth in the industry while strengthening the three-tier system. Supported by the Arizona Craft Brewers Guild and the Beer and Wine Distributors of Arizona, SB 1030 allows craft breweries to grow beyond the 40,000 barrel limit, but not cause them to close restaurants or pubs, or let go employees. Doing so will promote growth in the industry while strengthening the three-tier regulatory system. To provide further stability, microbreweries under the 40,000 barrel limit will be limited to holding a total of 7 retail licenses, while today they can hold an unlimited number. Craft breweries producing over 40,000 barrels may not add more retail licenses or continue to self-distribute unless to their own adjacent retail licenses. This solution will ensure that as craft brewers graduate from microbreweries into producers they won't be forced to close or sell the restaurants and pubs that are vital to their business and have proven to be instrumental in growing the craft brewing industry and creating jobs across Arizona.

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