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Craft Brewers and Distributors to Jointly Pursue Legislation Promoting Growth and Jobs

Phoenix - In a joint effort, the Arizona Craft Brewers Guild and the Beer and Wine Distributors of Arizona (BWDA) intend to pursue legislation this session that will allow Arizona's craft brewing industry to grow within the current three-tier system that regulates the production, distribution, and sale of alcohol in the state. The goal of the legislation is to allow microbreweries to keep their restaurants, pubs, and employees as they grow and not force them to shut down successful establishments. It will ensure that brewers, their businesses, and employees are not penalized for success by artificial bureaucratic limits.

"The Beer and Wine Distributors of Arizona have been working with the Arizona Craft Brewers Guild to develop legislation that will allow the craft brewing industry to grow and continue employing people in Arizona," stated Steve Barclay, Executive Director of BWDA. "This collaboration is critical to protect the three tier system while at the same time allow the craft brewing industry to become a point of pride for our state," continued Barclay.

Currently, craft brewers that produce less than 40,000 barrels per year are classified as microbrewers. This allows them to open restaurants, pubs, and have limited self-distribution rights, while larger brewers (called producers) can brew an unlimited amount of beer, but cannot own and operate off-site restaurants or pubs. However, state law dictates that when a microbrewery produces more than 40,000 barrels per year they are then re-licensed as a producer, but it is unclear what happens to their restaurants, pubs, and employees, putting these successful businesses at risk.

Working together, the Arizona Craft Brewers Guild and BWDA have drafted a solution that both brewers and distributors support. The solution allows craft breweries to grow beyond the 40,000 barrel limit, but not cause them to forfeit the retail licenses they hold or let go employees. Doing so will promote growth in the industry while strengthening the three-tier regulatory system. To provide further stability, microbrewers 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 brewers 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 microbrewers 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.

“Our goal is to allow all of our members’ to meet their potential for success by allowing our industry to grow within the three-tier system without unreasonable bureaucratic limitations and being forced to give up their hard-earned property rights. Craft Brewers have developed a reputation for providing outstanding entertainment options in our community which adds to the great diversity of Arizona,” stated Rob Fullmer, executive director of the Arizona Craft Brewers Guild.

Arizona craft brewers and distributors are creating jobs and growing our economy. In Arizona, brewing, distributing, and retail supported 20,430 jobs, \$606,325,300 in wages, and have a total economic contribution of \$1,256,473,300.¹ Craft brewing alone had a \$664 million impact in Arizona alone in 2012 and created 3,486 jobs in Arizona.²

“Craft brewers employ thousands of people in Arizona and it is not fair to force the shutdown of businesses because they have been successful. Our bill will support every craft brewer in our state who has a great product to offer,” concluded Fullmer.

The only known opposition to the proposed legislation is the Arizona Wine and Spirits Wholesale Association (AWSWA), consisting of three major wine and spirits wholesalers: Alliance Beverage Distributing, Southern Wine and Spirits, and Young’s Market. Contrary to earlier reports, the large national brewing companies, including Anheuser Busch InBev, are not opposing the proposal. The AWSWA has cited concerns about how the bill would affect the integrity of the three-tier system, a concern they did not have when changes to the system last year positively affected farm wineries and micro-distilleries. “That double-standard reveals what their opposition is really about – marketplace competition. They simply don’t want to see craft beer continue to grow here,” Barclay said.

Current list of supporters:

- Arizona Craft Brewers Guild
- Beer and Wine Distributors of Arizona
- Arizona Licensed Beverage Association
- Canyon Distributing
- Crescent Crown Distributing
- Finley Distributing
- Fred Nackard Wholesale Beverage
- Golden Eagle Distributors
- Hensley Beverage
- Ill Counties Distributing
- Northland Beverage
- Romer Beverage
- Romer Beverage - Yuma
- Southern Arizona Distributing
- Arizona Wilderness Brewing
- Barley Bros. Brewery & Grill
- Barrio Brewing
- Beast Brewing
- Beaver Street Brewery
- Beer Research Institute

¹ http://www.beerinstitute.org/assets/map-pdfs/Beer_Economic_Impact_AZ.pdf

² https://www.brewersassociation.org/attachments/0000/9191/AZ_Guild_Economic_Impact_020612_FINAL.pdf

BJ's Restaurant & Brewhouse
Black Bridge Brewing
Black Hole Beer
Bold Barley Brewing
Borderlands Brewing
Cartel Brewery
College St. Brewhouse & Pub
Desert Eagle Brewing
Dragoon Brewing
Dubina Brewing
Fate Brewing
Four Peaks Brewing
Grand Canyon Brewery
Gordon Biersch Brewery &
Restaurant
Granite Mountain Brewing
Historic Brewing
Huss Brewing
Lonesome Valley Brewing
Lumberyard Brewing
Mother Road Brewing
Mudshark Brewery
North Mountain Brewing
OHSO Eatery & Nanobrewery
Oak Creek Brewery & Grill
Oak Creek Brewing
Old Bisbee Brewing
Old World Brewery
Papago Brewing
Peoria Artisan Brewing
Perch Pub and Brewery
Pinetop Brewing
Prescott Brewing
Rock Bottom Restaurant -
Brewery
Saddle Mountain Brewing
SanTan Brewing
Sentinel Peak Brewing
Sleepy Dog Brewery
Sonoran Brewing
Sunup Brewing
Ten Fifty-Five Brewing
THAT Brewery
The Address Brewing/1702
Thunder Canyon Brewery
The Phoenix Ale Brewery
Uncle Bear's Brewhouse Grill
Wanderlust Brewing

Opposing:

Arizona Wine and Spirits Wholesale Association
Young's Market
Southern Wine and Spirits
Alliance Beverage Distributing

About the Beer and Wine Distributors of Arizona:

The Beer and Wine Distributors of Arizona ("BWDA") is a professional trade association established in 1944 representing 11 independent beer distributors across Arizona. The BWDA member companies are: Canyon Distributing, Crescent Crown Distributing, Finley Distributing, Golden Eagle Distributors, Hensley Beverage Company, Ill Counties Distributing, Nackard Beverage, Northland Beverage, Romer Beverage, Romer Beverage Yuma, and Southern Arizona Distributing. For further information on BWDA, please visit www.bwdaz.com or contact Steve Barclay, Executive Director, at steve@bwdaz.com

About the Arizona Craft Brewers Guild:

The Arizona Craft Brewers Guild was established in 1998 and represents 57 microbreweries across the state. The Guild promotes the craft brewing industry in Arizona by providing educational opportunities to brewers, distributors and consumers. The Guild promotes quality craft beers and the responsible consumption of those products. For further information on The Arizona Craft Brewers Guild, please visit www.craftbeeraz.com or contact Rob Fullmer, Executive Director at rob@craftbeeraz.com

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