



2022 CCBA MEMBERS CONFERENCE

APRIL 3-5 SAN DIEGO
MISSION BAY RESORT



2022 Legislative Update

Monday, April 4, 2022

Speakers: Lori Ajax, CCBA Executive Director, Bob Pease, Brewers Association and Chris Walker, CCBA Lobbyist



Thank you to our Session Sponsor

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2022 CCBA MEMBERS CONFERENCE

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MISSION BAY RESORT



Welcome!

Bob Pease, President & CEO
Brewers Association



Brewers Association (BA)

- **Thank you to all Brewers Association (BA) Members in the room!**
- I wouldn't be able to be here, and the BA wouldn't be able to do what it does without all of you
- We're firm believers that two of the most important business expenses you have every year are your state guild and BA dues

BA & CCBA

- The BA is working more closely than ever with the CCBA on your behalf on California state issues while continuing to provide BA members with the strongest resources in the in the beverage alcohol industry:
 - **Federal advocacy**
 - **Industry statistics**
 - **Technical resources**
 - **Diversity, Equity & Inclusion resources**
 - **Industry news updates**
 - **World class events and competitions**

Federal Affairs Priorities

- Competition Executive Order (EO) and Treasury Report Results
- Fighting to Keep Beer and Liquor Differentiated
- Direct to Consumer (DtC) Legislation Across the Country
- COVID-19 Relief
- Other Federal Priorities

Competition EO and Treasury Report

- Responding to the **President's Executive Order on Promoting Competition** is a major and ongoing undertaking
 - EO released in July 2021
 - BA submitted two extensive sets of comments
- The resulting **Treasury Report**, released in February, frequently cited Brewers Association comments in its recommendations
- Coming next will be the Executive Order's direction to TTB to "consider" changes to its trade practice (tied house, etc.) regulations

Treasury Report Results

- Things the federal government can do immediately
 - TTB to focus trade practice enforcement on conduct by large market participants or practices likely to have a substantial competitive impact
 - TTB to enlist the help of DOJ and/or FTC in bringing trade practice cases against large companies
 - TTB to take a particularly hard look at
 - Category management practices
 - Tying arrangements
 - DOJ and FTC to more fully consider the implications of “horizontal” acquisitions

Treasury Report Results (cont.)

- Things the federal government recommends but cannot require
 - The possible need to re-consider state three-tier structures to make them more hospitable to small producers
 - Recognizing the anti-competitive impacts of
 - state franchise laws, and
 - state “price posting” laws
 - Affirming the competitive benefits of direct-to-consumer wine shipping and suggesting the need to study DtC for beer and liquor to confirm that they do not increase underage access

Fighting to Keep Beer and Liquor Differentiated

- Going back to the very first federal excise tax, the law has treated liquor very differently than beer (or wine)
 - Liquor taxed at a higher rate
 - Liquor often subject to more controls on distribution and access (*e.g.*, many states channel liquor sales through a state “control” monopoly)
- **But the growing popularity of liquor-based RTD cocktails has the liquor industry arguing that such products should have their taxes cut and their distribution channels expanded**

Beer and Liquor Differentiation (cont.)

- **Alabama** – Bill pending; unlikely to progress in 2022
- **Arizona** – Tax cut defeated
- **Hawaii** – Tax cut defeated in House and cannot progress
- **Kentucky** – Tax cut appears stalled
- **Maryland** – Tax cut defeated
- **Minnesota** – Tax cut appears unlikely to progress in 2022
- **New Jersey** – Tax cut defeated in 2021; pending again in 2022
- **North Carolina** – Pending for 2022 “short session”
- **Ohio** – Tax cut shopped but yet to materialize
- **Oklahoma** – Tax cut shopped by yet to materialize
- **Vermont** – Passed House committee
- **Washington** – Bills to take out of liquor channels and eliminate the 25% liquor “fee” defeated in the 2022 session
- **West Virginia** – Resolution to study “fairness” of tax rates defeated

COVID-19 Relief

- Restaurant Revitalization Fund (RRF):
 - \$28.6 billion provided in the American Rescue Plan
 - Breweries got more than \$450 million in funds
 - 196 CA breweries received a total of \$61 million
 - Funds were exhausted in May of 2021, excluding 1000's of hospitality businesses from program.
 - Congress introduced the RRF Replenishment Act and the Continuing Support for Restaurants Act to fully fund the RRF.
 - Champions say legislation needs support from 10 republican Senators to pass.
 - Federal COVID legislation is currently at a standstill.

Direct to Consumer Legislation 2022

- **Federal DtC Shipping:**
 - The USPS Shipping Equity Act (H.R. 3287, S. 1663 – Rep Speier) would allow the postal service to ship alcohol in states where it is currently legal to do so. Strong support from consumers, beverage alcohol trade associations and postal unions.
- **Hawaii** - H.B. 2189 & S. B. 2289
- **Kentucky** - H.B. 660
- **Missouri** - H.B. 2669
- **New Hampshire** - S.B. 340
- **Virginia** – H.B. 1250
- **North Dakota** – S.B. 2321 (passed in 2021)
- **Kentucky** - H.B. 415 (passed in 2020)

Other Federal Priorities

- **Defending Federal Excise Tax (FET) Rates:**
 - The CBMTRA was passed in 2020, making the recalibrated FET rates for beer, wine and spirits permanent.
 - The BA is working with a coalition to support the existing rates, and to oppose any changes to RTD excise tax rates.
- **Supply Chain:**
 - The BA is keeping Congress and FTC apprised of the many supply chain issues our members are facing, ranging from ingredients like hops and barley to packaging like aluminum cans and bottles.

CCBA Legislative Update



CA LEGISLATIVE UPDATE

- Economic trends make legislation
- Who is making the decisions?
- Legislative priorities 2022
- Political engagement



Economic trends = New bills

- RTDs, FMBs and “Alco-pops”
- COVID
- Wholesaler consolidation
- Changing business models

WHO is making the decisions?

- Stakeholders
- G.O. Committee Chairs & members
- Legislature
- Governor

WHO is making the decisions?

- Stakeholders

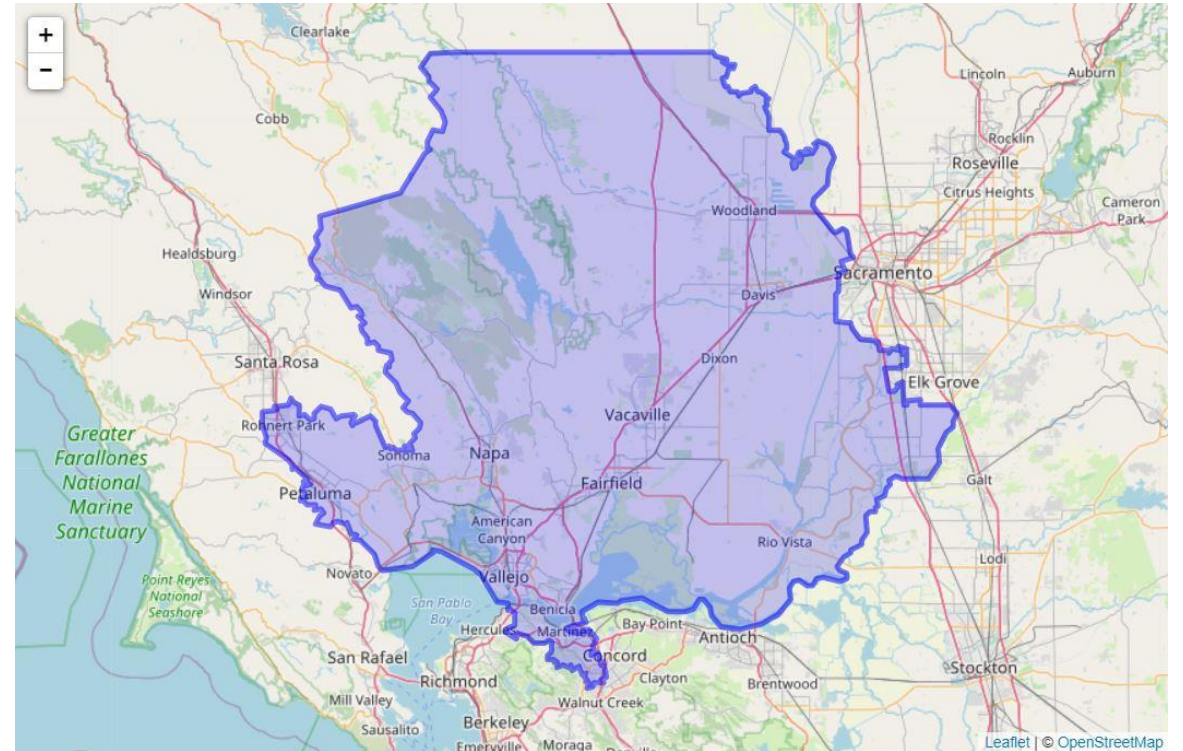


WHO is making the decisions?

- G.O. Committee Chairs & members



SENATOR BILL DODD
Napa, Sonoma, Solano, Yolo



WHO is making the decisions?

- G.O. Committee Chairs & members
- Senate GO Cmte (15)

[Senator Bill Dodd \(Chair\)](#) Dem - 3

[Senator Jim Nielsen \(Vice Chair\)](#) Rep - 4

[Senator Benjamin Allen](#) Dem - 26

[Senator Bob Archuleta](#) Dem - 32

[Senator Josh Becker](#) Dem - 13

[Senator Andreas Borgeas](#) Rep - 8

[Senator Steven Bradford](#) Dem - 35

[Senator Steven M. Glazer](#) Dem - 7

[Senator Ben Hueso](#) Dem - 40

[Senator Brian W. Jones](#) Rep - 38

[Senator Sydney Kamlager](#) Dem - 30

[Senator Melissa A. Melendez](#) Rep - 28

[Senator Anthony J. Portantino](#) Dem - 25

[Senator Susan Rubio](#) Dem - 22

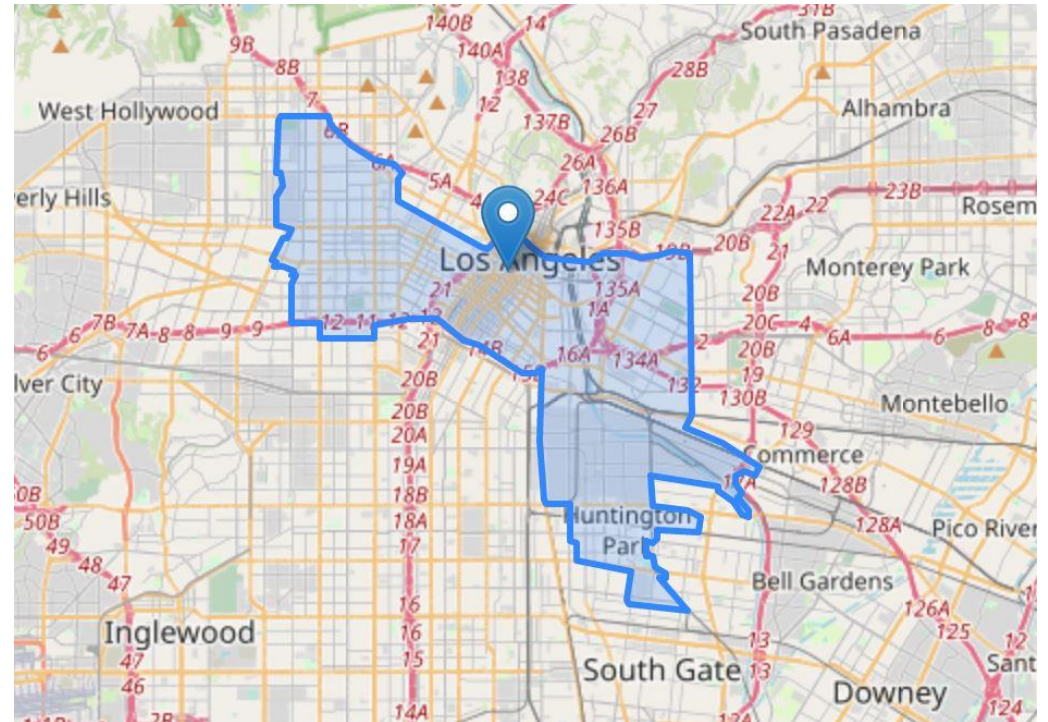
[Senator Scott Wilk](#) Rep - 21

WHO is making the decisions?

- G.O. Committee Chairs & members



Assemblymember Miguel Santiago
Los Angeles, Vernon, Huntington Park, Boyle Heights



WHO is making the decisions?

- G.O. Committee Chairs & members
- Assembly GO Cmte (22)

[Miguel Santiago](#) Dem - 53

[Frank Bigelow \(Vice Chair\)](#) Rep - 05

[Cecilia M. Aguiar-Curry](#) Dem - 04

[Marc Berman](#) Dem - 24

[Isaac G. Bryan](#) Dem - 54

[Ken Cooley](#) Dem - 08

[Jim Cooper](#) Dem - 09

[Tom Daly](#) Dem – 69

[Laurie Davies](#) Rep - 73

[James Gallagher](#) Rep - 03

[Eduardo Garcia](#) Dem - 56

[Mike A. Gipson](#) Dem - 64

[Reginald Byron Jones-Sawyer, Sr.](#) Dem - 59

[Tom Lackey](#) Rep - 36

[Evan Low](#) Dem - 28

[Devon J. Mathis](#) Rep – 26

[Sharon Quirk-Silva](#) Dem - 65

[James C. Ramos](#) Dem - 40

[Robert Rivas](#) Dem - 30

[Blanca E. Rubio](#) Dem - 48

[Rudy Salas Jr.](#) Dem - 32

[Thurston "Smitty" Smith](#) Rep - 33

WHO is making the decisions?

- Legislature



Senate President pro Tempore Toni G. Atkins (D-San Diego)



Assembly Speaker Anthony Rendon (D-Lakewood)

WHO is making the decisions?

- Governor Newsom



Legislative priorities 2022

- Protect manufacturer/distributor relationship
- Harmonize state law with federal law to protect “Direct-to-Consumer” privilege
- Increase duplicate licenses and food service
- Reduce inefficiencies in local distribution

Bills in 2022

- SB 1198 (McGuire) – Protects Direct-to-Consumer Beer Shipping
- AB 2301 (Wood) – Self Distribution to Own Retail
- AB 2307 (Berman) – Increased Duplicates and Food Service
- AB 1734 (Bennett) – Single Premises for Dual Beer and Wine Manufacturer Licenses

Political engagement

- All politics are local
- Relationships
- 2024 – 40 new legislators
- Good will goes a long way



Local Jobs. Local Beer.



SUPPORT SB 1198
local jobs. local beer.



Take Action, scan here



SUPPORT SB 1198
local jobs. local beer. 

Scan the QR code on your table

PROTECT THE CRAFT BEER INDUSTRY'S RIGHT TO SHIP DIRECT-TO-CONSUMERS

We need your help. Act now.

Local craft breweries are small businesses. The existing ability for brewers to ship their products direct-to-consumer (DtC) has always been essential in promoting new products, maintaining and growing sales (both in-state and out-of-state), enhancing tourism, and supporting hundreds of craft beer enthusiast clubs. This growth helps not only our breweries but also our wholesalers and other vendors through the jobs, wages and taxes our industry and those we support provide to our local communities.

Under state and local pandemic emergency orders, DtC provided a critical means for craft breweries to stay in business. Without it, many more breweries would have gone out of business, costing our communities jobs and tax revenue. COVID-related mandates and closures only served to highlight how critically important these privileges are to the continued financial health of this industry.

SB 1198 (McGuire) simply codifies an existing practice for the craft beer industry to ship beer DtC, a privilege that is currently in statute for wine.

Take Action Now

I am a Brewer

I am a Brewery Employee or Vendor

I am a Craft Beer Enthusiast

Support SB 1198 (McGuire): Protect Craft Brewers' Right to Ship Directly to Consumers

Local craft breweries are small businesses. The existing direct-to-consumer (DtC) privilege for craft breweries has always been essential in promoting new products, maintaining and growing sales (both in-state and out-of-state), enhancing tourism, and supporting hundreds of craft beer enthusiast clubs. This growth helps not only our breweries but also our wholesalers through increased jobs and payment of taxes.

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Tweet



Call

Compose Your Message

- Governmental Organization Members (State Senate)

Subject

Support SB 1198 (McGuire): Local jobs. Local b

Message Body

Please add your own story about this issue to personalize your message

I am writing to you in strong support of SB 1198 (McGuire) which protects my long-standing ability to ship craft beer direct-to-consumer (DtC).



Stay up-to-date about SB 1198

First Name *

Last Name *

Email *

Mobile Phone

Keep me informed about DtC legislation.

Submit

Q&A