



If you visit nearly any other country in the world, you **don't** see a thriving craft beer market. That's generally because there are essentially no limitations on brewery ownership of restaurants or bars. Breweries are effectively able to buy exclusivity at retail. This limits competition, favors the big players, and makes it especially difficult for smaller players to have access to market.

In the US, we as craft brewers are fortunate because there are provisions in the FAA (Federal Alcohol Administration Act of August 1935) that put limits on brewery ownership of retail licenses. These limits ensure an open and fair marketplace that is relatively free of the retail exclusion very common in other countries. See: US Code, Title 27, Chapter 8, Subchapter 1 FAA, 205... "Tied House" provisions. Arguably, without these unique provisions, the US Craft Brewery industry would not have been born. In turn, the economically important Maine Craft Brewery industry would likely not exist. We exist because all of us have relatively equal access to retail. There are of course differences from state to state (because beer is regulated at the state level), but the fact remains that we as small brewers enjoy FAR more market access than nearly any other country in the world.

Our country's spirit of limiting brewery ownership of retail licenses has been baked into Maine's state laws. The Maine regulations read "with each brewery you are entitled to one On Premise Retail License". Title 28-A, Part 3, Chapter 51, Subchapter 2 (1355-A Manufacturers License). Presumably the number of retail licenses is limited to 1 exclusive license per brewery so that competition is not stifled (so brewers don't have an ever-growing control of retail).

For a litany of reasons in Maine, we now have a landscape where with a single brewery license (often with no bona fide beer production system on site), an operator can have multiple exclusive retail licenses...seemingly without limits. This is no doubt in conflict with the landscape that the 1-1 relationship was intended to create. As "exclusive" retail licenses proliferate, access to retail becomes more difficult (not a level playing field) for most brewers in the State of Maine. Shrinking access should be troubling for all of us.

LD 1456 will reign in, and place limits on, the proliferation of exclusivity in the market. This in turn will foster fair competition and ensure the long-term health of Maine's craft beer industry.

Sincerely,

Rob Tod
President