



WINE INSTITUTE COMMENT

Beer Wholesaler Proposal Promotes Discriminatory State Laws, Hurts Wineries, Breweries, Distilleries and Consumers

Proposed legislation, H.R. 5034, initiated and promoted by the National Beer Wholesalers Association (NBWA), seeks to grant states unprecedented powers to allow wholesalers to pass anti-competitive, discriminatory laws dealing with wine, beer and spirits. We strongly oppose this ill-conceived effort to give wholesalers license to create and perpetuate an environment of discrimination and inequality.

States' rights to regulate wine and alcohol granted by the 21st Amendment have always been subject to Congressional and judicial oversight. Decisions over the last 40 years balance state authority with important Constitutional rights, such as the Commerce Clause, Due Process and the First Amendment. The landmark U.S. Supreme Court case, *Granholm vs. Heald*, reaffirmed state rights under the 21st Amendment to regulate wine but not discriminate and correctly ruled that these rights do not supersede other provisions of the Constitution.

NBWA is asking Congress to weigh in on an intra-industry dispute to protect their monopoly distribution system with legislation that has sweeping consequences for wineries, distilleries, breweries, retailers, consumers and constitutional law. The proposed legislation, while couched as addressing public safety and states' rights, is merely a smoke screen for a power grab by beer wholesalers that would instead stunt competition, reverse years of long-established judicial precedent, and severely limit consumer choice.

The wholesalers are using this legislation to put their businesses out of reach of nothing less than the U.S. Constitution. No other business sector has been extended this level of immunity. This legislation would be an unprecedented shift in the balance between Federal and state authority over wine and alcohol. It would have major constitutional consequences and will be opposed by those who care about free trade and our nation's 6,700 wineries.

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