

## Feb 10, 2025 | 📅 VBA Board Meeting - H.51

Invited Attendees: Cameron Martin Emma Arian John Boyle Jesse Cronin Joe Lemnah  
Kara Pawlusiak Matt Wilson Morgan Capron Nina Hurley Jessica Oski Bob Grim  
Terry Thompson

Present: Terry, Morgan, John, Joe, Nina, Kara, Jesse, Cameron, Matt, Emma

### H.51 -

1. Authorize the holder of a fourth-class license to sell the products of not more than eight additional manufacturers or rectifiers. Current law allows the sale of products of not more than 5 additional manufacturers.
2. Authorize a manufacturer of malt beverages that operates a brewery in Vermont or anywhere in the United States to apply for a retail shipping license to sell up to 5,000 gallons of malt beverages (about 161 barrels) per year directly to 1st or 2nd class licensees (bar/restaurant or retail outlet) and deliver the beverages by mail, the manufacturer's own vehicle, or the vehicle of an employee of a manufacturer, provided that the beverages are sold on invoice, and no more than 100 gallons per month (about 20logs) are sold to any single 1st or 2nd class licensee. Current law applies this provision to wine manufacturers only. This provision is an effort to equalize the laws between wine & beer manufacturers.

### GAC Recommendation

The committee was unanimously in favor of part 1. For part 2 the committee unanimously recommends that they don't want to see equity with wine enacted, as an alternative they want to see a tiered wholesaler's license with smaller tires and smaller fees than the existing wholesaler license. The committee agrees that this alternative will limit out-of-state breweries from distributing in VT and allow smaller VT breweries the opportunity to self distribute as they will no longer be paying the same amount as large wholesalers.

Nina -

- How would a tiered system prevent outside regional breweries?
  - Terry: Now it's an extra step - a new company would have to be registered in the state of VT.

Nina: What about distributors?

- Terry: Farrell brought this new tiered distribution idea forward to Chris Kesler - they won't support it or oppose it. Too small in the bucket for them to really care. Saying that you never know what's gonna happen when it goes forward, you know, sometimes they could pull their word back. The states still gonna get money no matter what, so I don't think it's the state's gonna care.

Jessica:

- States like Maine have tiered distribution
- Section 2 of H.51 is weird because WE didn't ask from it, doubts they would enact this section over our objections. The genesis is still a little bit unknown. We've heard a

couple different stories about where it came from, but it did not come from us. I feel like the worst that can happen is that we get nothing. I doubt that they would enact this section over our objections and that, it could be that this begins the conversation about a tier distributor's license and it may continue on until next year if the DLL is not quite there yet. It's like a thank you for recognizing that it's hard for small brewers, but this isn't exactly the solution we want - there's a danger with this that we are not interested in pursuing at this time

- For regional breweries that have a hard time getting their products here this would be so easy
- Action: If the board agrees as this as an alternative. Emma and Jessica meet with DLL, at the same time Jessica would look into other states with tiered leg, then Jessica drafts something, then board could say they feel good or not with it

Kara

- At our annual meeting and for previous years folks have brought up how helpful this would be for them. Just recently at the Tied House Discussion Matt at the Tropic discussed something similar that would be beneficial.
- Nina brought up the idea that we could maybe have a smaller tier that's 3 logs a month you can distribute?

Nina

- Maybe at the conference or a tech and ed day we could have session where someone lays out the steps to make it as easy to members to start their own distribution

Jesse

- H.51 as written was super helpful to Jesse for his size, leaving the argument out about beer flooding the state
  - Tiered license distribution would stop the usefulness of this proposal for him
  - Too small an amount for other distributors to look at
    - Not enough reason for Jesse to pay another \$400/year and set up another round of taxes, etc.

Matt Wilson

- In the past, if your wholesaler says they would refuse the delivery then you have the legal right to distribute yourself - we should look into this....

Nina

- Could we have one of those tiers be a small "barrel limit" - could just distribute without setting up distro - free tier? A few logs or kegs/month.
  - What would be too high of a limit?

Kara

- Where Kara is finding pause, is that we are often worrying about folks from coming in out-of-state. Are any VTers doing this out-of-state? Are these type of laws existing out of state. How many people are going out there to research to see what VTers can do? Karas concern is that it's still not helpful for the smaller people.

Matt

- It seems like we discussed that we probably have to be a separate thing that happens down the line. It wouldn't necessarily be that we could just sub in different languages. Is that correct?

Jessica

- If the DLL is on board, it's possible that we could just add different language. If they're not or they need time to think about it, then it would probably be that we go in and that we don't want this second part. They would move the bell without the second part and we would come back next year and have discussed an alternative. Jessica
- In terms of other states - hard to get a good read on. Manufacturers can direct ship to consumers, but this is not direct shipping to consumers. This is direct shipping to licensees. I don't know what the landscape is, what other states allow direct shipping from a manufacturer to a licensee. I've never seen a chart and I don't know if the BA has given us that information or has that information.

Matt

- Two or three weeks of discussion on this topic - based on the communications through the committee, some support and then that support wavered. Now, GAC is in favor of the following recommendation.

Nina -

Nina made the motion to agree with the GAC:

- The committee was unanimously in favor of part 1. For part 2 the committee unanimously recommends that they don't want to see equity with wine enacted, as an alternative they want to see a tiered wholesaler's license with smaller tires and smaller fees than the existing wholesaler license. The committee agrees that this alternative will limit out-of-state breweries from distributing in VT and allow smaller VT breweries the opportunity to self distribute as they will no longer be paying the same
- Would like to see a free distribution tier with limits, what does that look like,

In Favor:

Terry

Nina

Joe

Morgan

Against

Kara

Jesse

- 5 cases will need to go somewhere/week
- For his specific situation, that language is great. Limited distribution - no different sets of books - does NOT think folks are chucking 20 logs at FedEx to go to Mule Bar

Nina motions to adjourn