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**BEFORE THE HOUSE LIQUOR CONTROL COMMITTEE
TESTIMONY OF JAY WIEDERHOLD
PRESIDENT OF THE PA BEER ALLIANCE
ON HOUSE BILL 41
JUNE 26, 2023**

Good morning, Chairman Deasy, Chairwoman Fee and members of the House Liquor Control Committee. My name is Jay Wiederhold and I'm the President of the PA Beer Alliance. The PA Beer Alliance is a full-service trade association representing the family-owned beer wholesale tier of distributors of malt and brewed beverages in Pennsylvania. Our members operate in an area of business that is heavily controlled and regulated by both the federal government and the Commonwealth. The PBA strongly supports the licensed three-tier distribution system for the sale of malt and brewed beverages in Pennsylvania.

I'm here today to express our concerns with House Bill 41 and the potential opening for giant online retailers to avoid the current system of alcohol distribution within the Commonwealth.

Effective liquor regulation in the Commonwealth requires a strong three-tier system. This model guarantees safety for the end consumer by ensuring products are placed in the hands of individuals who can legally and responsibly enjoy them. Beer wholesale distributors deliver a highly regulated product, and we take this privilege seriously and understand the responsibilities that inherently come with working with such products.

We have concerns about an erosion of the three-tier system. This legislation would add an additional step to delivery in the final tier. Normally the product is sold to the end user (consumer) at the point of retail sale with well-trained individuals monitoring that the purchaser is over 21 and not visibly intoxicated. The language of this bill would permit that product to be transported to the purchaser with limited oversight.

We also want to touch upon potential unintended consequences of House Bill 41. To keep the three-tier system intact, we must ensure this language bars any online retailer from selling and delivering any alcoholic product within the Commonwealth. We are fine with the current model of licensed retail businesses selling their products and having them delivered to the customer's home. However, enacting a novel new form of business sales of this controlled substance, especially one utilizing computer platforms, may enable unintended consequences. Perhaps the greatest concern would be the sale of alcohol all over the Commonwealth without any knowledge of where it came from.

"Family Businesses Distributing America's Beverage"

This would be product outside of the current three-tier system and product would be much harder to regulate and pick up in case of a recall. While the language appears specific to permit the delivery of legally purchased products from a licensed retailer, we would respectfully suggest the Committee and the Legislature ensure this language is not altered in any way which would permit online platforms, such as Amazon, to enter the alcohol space.

Besides creating the new transporter-for-hire Class D license, HB 41 takes the existing three similar transporter licenses that exist in the Title 40 regulations and puts them into the Liquor Code. The Transporter-for-Hire Class A license, Class B license, and Class C license each has different powers and restrictions, but all basically are used to transport beer, wine, and hard liquor throughout the Commonwealth. While it makes sense to have all four of these licenses in the same source, we hope that input from the Liquor Control Board was sought to give the benefit of whatever changes or revisions to the Class A, Class B, and Class C it would make at this time.

While I've shared our concerns, I'll conclude by asking whether HB 41 is even necessary to permit them to conduct business in this new model. Finding a simpler way to do this without creating unknown weaknesses within the system is the best policy outcome for the people of Pennsylvania!