



Massachusetts Package Stores Association, Inc.

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**Written Testimony of the Massachusetts Package Stores Association
Submitted to the Senate Committee on Senate Ways and Means for the Hearing Record on SB2627 - An Act
expanding the sale of products by farmer breweries and distilleries
Thursday, July 26, 2018**

Dear Honorable Members of the Senate Ways and Means Committee,

The Massachusetts Package Stores Association (MassPack) wishes to voice opposition to SB2627 - An Act expanding the sale of products by farmer breweries and distilleries. Of concern is that SB2627, as presented, would allow alcoholic beverage manufacturers such as wineries and breweries to sell for consumption off their premises, whether the alcoholic beverages were produced by the manufacturer or from another. Simply put, the bill permits manufacturers to be both producer and retailer at the same time. Such a change to M.G.L. Ch. 138 defies the 3-tier system and directly harms the many independent package stores that collectively employ over 140,000 individuals, generate over \$8 billion dollars in wages and provide over \$1 billion in taxes and fees to the Commonwealth. MassPack strongly recommends that this bill not be enacted as presented.

Please take into consideration that it is the legislative intent of M.G.L. Ch. 138, which serves as the statutory authority that upholds the Beverage Alcohol three-tier system in Massachusetts, to segregate the three-tiers of manufacturing, wholesale and retail. Please also recognize that part of the intent of the segregation of tiers is to maintain a check against adulteration of product, overconsumption and underage drinking. SB2627 alters M.G.L. c 138 by allowing the manufacturing tier to expand into and compete against retailers. Meanwhile, the retail tier will not be permitted to produce alcoholic beverages on premises and sell such product to the consumer even though this technology is readily available throughout the United States. This bill undermines a system that has effectively maintained a balance related to the production and sale of alcoholic beverages for over 70 years.

In recent years, disruption has been the driving force within the three-tier system in Massachusetts. Whether it is a national retailer working toward blending the three-tiers for a pricing advantage, or international super companies aiming to expand direct sales of alcohol to consumers, or brewers and wineries looking to be producer, distributor and retailer, the regulatory system in Massachusetts has been under attack. These attacks to the 3-tier system are often veiled as efforts to meet consumer demand, support entrepreneurship and generate tax revenues for Massachusetts.

It has been observed that agents for change seek to dilute M.G.L. Ch. 138 in a manner that will make the 3-tier system ineffective. Further tampering with M.G.L. Ch. 138 is harmful, because independent package stores are a significant contributor to the Massachusetts economy. In Massachusetts, independent package stores are responsible for almost \$20 billion in total economic activity. That impact includes the generation of 39,685 direct jobs, \$19 billion in economic activity, over \$8.02 billion in wages and benefits annually, and over \$1.08 billion in state and local taxes. Undermining the independent package stores by allowing manufacturers to sell at retail will have a material negative economic impact.

MassPack respectfully requests that the sensitive balance within the retailer classification of Chapter 138 is maintained by not pressing forward with SB2627. Thank you for the opportunity to submit written testimony on this important matter. Please reach out to MassPack with any questions regarding the package stores community.

Respectfully submitted,

Robert A. Mellion, Esq.
Executive Director / General Counsel

The Massachusetts Package Stores Association (MassPack) is a non-profit trade organization representing the interests of the thousands of independently-owned retail liquor stores across Massachusetts. The Board of Directors of MassPack are primarily comprised of owner/operators of liquor stores. Contact MassPack with any questions at (800) 322-1383, or email info@masspack.org. Visit the MassPack website at: www.masspack.org