



March 29, 2017

Members of the North Carolina General Assembly:

On behalf of National Taxpayers Union and our thousands of supporters in North Carolina, I write to endorse H.B. 500. This bill would improve and modernize the state's alcohol laws to the great benefit of taxpayers and consumers.

Most notably, the bill would increase the capacity restrictions that place an unfair and undue limitation on the ability of small breweries to self-distribute their products. By raising this cap from 25,000 to 200,000 barrels, the legislation would allow the state's small craft breweries to operate more efficiently and cost effectively. It should be noted that this 200,000 threshold is far below the definition adopted by the Brewers Association, which labels breweries that produce less than 6 million barrels annually as "small."

The bill would also loosen other economically harmful regulations by, for instance, authorizing the creation of farm breweries, expanding the ability of breweries to provide tastings to customers, and clarifying homebrewing laws.

Additionally, the legislation would level the playing field with regard to the business relationships between small brewers and alcohol wholesalers. The current system is tilted in the favor of wholesalers, as brewers are effectively unable to terminate distribution contracts and opt to do business with a different wholesaler. If this legislation passes, franchise laws would be amended to place brewers in a better position to work with whichever wholesaler best suits its needs.

North Carolina's breweries are creating world-class beer and fostering job creation, economic growth, and tourism. To continue this trend, it's imperative that the state modernize its laws and remove the most onerous and unnecessary regulations that are holding back growth and expansion. H.B. 500 takes a major step forward and NTU is pleased to endorse this legislation. I urge you to support this pro-consumer bill and work towards its swift passage.

Sincerely,

Brandon Arnold
Executive Vice President