

# ***Sen. Bill No. 943 – An Act relating to Alcoholic Beverages – Manufacturing and Wholesale Licenses***

*Introduced – 5/27/2009*

Introduced by Senators Dipalma, Jabour, Bates, Pinga, and Cote

## **Explanation:**

This act would allow the operator of a brewery, distillery, or winery to make retail sales of beverages to consumers at the place of manufacture for off the premise consumption

## **Background:**

With heightened consumer concern for sustainability and the energy impact of transportation, enthusiasm for locally produced goods has expanded. Not surprisingly, the interest in the companies making these products has also been raised. This has been especially true of the alcoholic beverage manufacturers. Local breweries, wineries, and distilleries have become top tourist destinations throughout the country. The ability to engage consumers at their facilities allows them to fully promote the superior aspects of their region's products. Permitting sales of the products that are made at the facility to visitors allows companies to further invest in these tourist destinations and provides a platform to expand export demand as these products make their way out of Rhode Island.

## **Legislative importance:**

Currently, of the New England States, Rhode Island is the only one that does not allow this practice. In fact, wineries in Rhode Island are already allowed this right by way of rules governing the origin of their grapes. Among the many reasons this legislation is beneficial to Rhode Island, below are three of the most impactful:

- 1.** It will generate more tax (both excise and sales). Being located in Rhode Island means exposure to tourists from all over the country and world. At present, Rhode Island alcoholic beverage manufacturers primarily distribute very locally (RI, CT, and MA). As a matter of practice, visitors do not make separate trips to liquor retailers to pick up products that they saw at facility visitor centers. Either they are captured while they are there, or they go back to their respective places of origin and are never sold anything.
- 2.** It will create jobs. Almost all retail areas that alcoholic beverage manufacturers around the country place in their facilities have the majority of their revenue generated by sales of the products they make (as opposed to t-shirts, hats, glasses, etc). Allowing Rhode Island manufacturers to do the same means more investment in these facilities and more need to staff retail and manufacturing positions to handle the extra business.
- 3.** This will actually bring money (not just taxes) into the state. As the retail model at a manufacturer is driven by the idea that tourists like to visit these places, most of the dollars generated will be from places outside of Rhode Island. The incentive to sell to visitors creates more investment in the visitation areas of the facilities, creating popular tourist destinations. In addition, out of state visitors and the products they return home with drive further demand for these products to be exported out of Rhode Island.

## **Conclusion:**

As the legislation indicates, this is a fairly simple change to the existing legislation and something that is generally allowed in our surrounding states. Passage of the proposed legislation would bring Rhode Island laws in line with other New England states making the State's environment for these businesses more competitive relative to its neighbors. In addition, having access to retail allows manufacturers to create more destination showpieces for Rhode Island. It allows them to be more innovative and provide new and better selling products, not only to visitors, but also to retailers. Finally, this legislation allows manufacturers to further expand the production, retail, and employment needs at their facilities, generating new jobs and new revenues for the State of Rhode Island.