HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 107 Alcoholic Beverages
SPONSOR(S): Business & Professions Subcommittee; Steube
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee	9 Y, 4 N, As CS	Butler	Luczynski
2) Government Operations Appropriations Subcommittee			
3) Regulatory Affairs Committee			

SUMMARY ANALYSIS

The bill sets forth requirements for malt beverage manufacturers, distributors, and vendors in order to support the growth of the malt beverage industry while maintaining the three-tier system.

Package Stores and Electronic Benefits Transfer Program

- Repeals the provisions that limits the items a package store may sell and that prohibits direct access to other buildings or rooms.
- Provides that EBT cards cannot be used to purchase alcoholic beverages.

Malt Beverage Manufacturer/Vendor Licensure Three-Tier Exceptions

- Manufacturers with Vendor's Licenses:
  - Permits a manufacturer to obtain a vendor's license at two manufacturing premises.
  - Provides for the sale of malt beverages directly to consumers for on-premises and off-premises consumption with some limitations.
- Taprooms:
  - A manufacturer may have a taproom at its licensed premises without a vendor's license to sell malt beverages directly to consumers with some limitations.
- Brewpubs:
  - May sell malt beverages brewed on premises for on-premises or off-premises consumption.
  - May sell malt beverages brewed by other manufacturers as authorized by its vendors license.

Deliveries of Alcoholic Beverages

- A licensed vendor does not need a vehicle permit for vehicles owned or leased by the vendor to transport alcoholic beverages from a distributor's place of business.

Growlers and Malt Beverage Tastings

- Specifies growlers to be containers of 32, 64, and 128 ounces; specifies packaging and labeling requirements and the licensees authorized to fill and sell growlers.
- Permits manufacturers or distributors to conduct tasting of malt beverages on a vendor's licensed premises subject to certain requirements.

Malt Beverage Franchise Agreements

- Revises regulation of contract agreements between malt beverages manufacturers and distributors.

Limited Malt Beverage Self-Distribution

- Permits limited self-distribution by malt beverage manufacturers to vendors not within the exclusive sales territory of a contracted distributor.

Craft Distilleries

- Permits craft distilleries to sell unlimited distilled spirits in face-to-face transactions with consumers making the purchases for personal use.

The bill is expected to have a significant fiscal impact on the Department of Business and Professional Regulation.
The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

General Beverage Law

Three-Tier System

Chapters 561-565 and 567-568, F.S., comprise Florida's Beverage Law. The Division of Alcoholic Beverages and Tobacco (Division), in the Department of Business and Professional Regulation (Department), is responsible for the regulation of the alcoholic beverage industry.[1]

In general, Florida's Beverage Law provides for a structured three-tiered distribution system consisting of the manufacturer, distributor, and vendor. The manufacturer creates the beverages. The distributor obtains the beverages from the manufacturer and delivers them to the vendor. The vendor makes the ultimate sale to the consumer. In the three-tiered system, alcoholic beverage excise taxes are generally collected at the distribution level based on inventory depletions and the state sales tax is collected at the retail level.

The three-tiered system is deeply rooted in the concept of the perceived "tied house evil," in which a bar is owned or operated by a manufacturer or the manufacturer exercises undue influence over the retail vendor.[2] Activities between manufacturers, distributors, and vendors are extensively regulated and constitute the basis for Florida's "Tied House Evil" law. Among those regulations, s. 561.42, F.S., prohibits a manufacturer or distributor from having any financial interest, directly or indirectly, in the establishment or business of a licensed vendor.

The following are some limited exceptions to the three-tier regulatory system:

- A manufacturer of malt beverages may obtain a vendor's license for the sale of alcoholic beverages on property that includes a brewery and promotes tourism;[3]
- A vendor may obtain a manufacturer's license to manufacture malt beverages if the vendor brews malt beverages at a single location in an amount of no more than 10,000 kegs per year and sells the beverages to consumers for consumption on the premises or consumption on contiguous licensed premises owned by the vendor;[4]
- A licensed winery may obtain up to three vendor's licenses for the sale of alcoholic beverages on a property;[5]
- Individuals may bring small quantities of alcohol back from trips out-of-state without being held to distributor requirements.[6]

Electronic Benefits Transfer Program

Current Situation

Currently, the Florida Department of Children and Families (DCF) uses the electronic benefits transfer (EBT) cards to assist in the dissemination of the food assistance benefits and temporary cash assistance payments provided by federal and state government programs such as SNAP

[1] s. 561.02, F.S.
[2] Erik D. Price, *Time to Untie the House? Revisiting the Historical Justifications of Washington's Three-Tier System Challenged by Costco v. Washington State Liquor Control Board*, (June 2004), http://www.lanepowell.com/wp-content/uploads/2009/04/pricee_001.pdf .
[3] s. 561.221(2), F.S.
[4] s. 561.221(3), F.S.
[5] s. 561.221(1), F.S.
[6] s. 562.16, F.S.

(Supplemental Nutrition Assistance Program) and TANF (Temporary Assistance for Needy Families).[7] The benefits are placed on an EBT card, which acts like a credit card with a set limit, and can be used for certain covered purchases.

Section 402.82(4), F.S., provides locations and activities for which the EBT card cannot be used. The EBT card cannot be used at "[a]n establishment licensed under the Beverage Law to sell distilled spirits as a vendor and restricted as to the types of products that can be sold under ss. 565.04 and 565.045, or in a bottle club as defined in s. 561.01."[8] Therefore the EBT card is not permitted to be used in package stores, where all alcoholic beverages, including distilled spirits are sold.[9] Additionally, the EBT card cannot be used at bars and restaurants that hold quota licenses pursuant to s. 565.02(1)(b)-(f), F.S., where alcoholic beverages including distilled spirits are sold.

Effect of the Bill

The bill expands the prohibition for the use of the EBT card by amending s. 402.82, F.S., to provide that EBT cards cannot be used to purchase an alcoholic beverage as defined in s. 561.01, F.S., and sold pursuant to the Beverage Law. This would include any alcoholic beverage sold pursuant to chs. 561, 562, 563, 564, 565, 567, and 568 F.S., including all wines, beers, and spirits.

Package Stores

Current Situation

Section 565.04, F.S., provides that vendors licensed under s. 565.02(1)(a), F.S., are not permitted to sell any merchandise in their store other than alcoholic beverages, bitters, grenadine, nonalcoholic mixers (not including juice from outside of Florida), fruit juice produced in Florida, bar and party supplies and equipment and tobacco products. Section 565.02(1)(a), F.S., creates a state license for "vendors who are permitted to sell any alcoholic beverages regardless of alcoholic content" and "operating a place of business where [alcoholic] beverages are sold only in sealed containers for consumption off the premises." The result has been the creation of "package stores," where the vendor sells the above and nothing else in an enclosed space that is separated from any other store by a wall.

The beverage law restricts businesses who sell alcoholic beverages from employing persons under the age of 18, subject to a few exceptions.[10] Package stores are not exempt from this requirement, and may only employ persons age 18 or over. Grocery stores and drug stores licensed to sell malt beverages and wine may employ persons under the age of 18.

Effect of the Bill

The bill repeals s. 565.04, F.S., permitting vendors licensed under s. 565.02(1)(a), F.S., to sell alcoholic beverages in stores without restrictions on other items that may be sold in the store. This will permit grocery stores and big box chain stores to put spirits in their main store rather than building or renting a separate building to sell the higher alcoholic content beverages. Additionally, the repeal of this section will remove the restriction on the type of products that may be sold in a package store.

The bill also amends s. 562.13, F.S., to clarify that vendors who are allowed to employ persons under the age of 18 must have a person 18 years of age or older personally supervise the sale of any distilled spirits beverage product sold by the vendor.

Malt Beverage Manufacturer/Vendor Licensure Exceptions

Current Situation

[7] s. 402.82(1), F.S.
[8] s. 402.82(4)(a), F.S.
[9] s. 565.04, F.S.
[10] s. 562.13, F.S.

There are a few exceptions to the three-tier regulatory system throughout the nation, where one of the three-tiers (manufacturer, distributor, or vendor) has some ownership or control interest in another tier. Two exceptions in Florida law are referred to as the "tourism exception" and the "brewpub exception."

Tourism Exception

The first exception is sometimes referred to as the Tourism Exception. In this exception, a manufacturer of malt beverages may obtain vendor's licenses for the sale of alcoholic beverages on property that includes a brewery and promotes tourism.

This exception first became law 1963, when s. 561.221, F.S., was amended to permit malt beverage manufacturers to hold one vendor's license.[11] The language was amended in 1967 to permit wine manufacturers to hold one vendor's license,[12] and again in 1978 to permit malt beverage and wine manufacturers to hold two vendor's licenses.[13] At the time, three manufacturers met the criteria to hold a vendor's license, but only one did.[14] The next amendment came 1979,[15] when the statute was amended to permit malt beverage and wine manufacturers to hold three vendor's licenses.

In 1984,[16] the current exception was adopted into law. Chapter 84-142, Laws of Florida amended s. 561.221, F.S., to remove malt beverage manufacturers from the provision permitting malt beverage and wine manufacturers to hold three vendor's licenses and created a new subsection permitting a malt beverage manufacturer to hold vendor's licenses on a property consisting of a single complex, including a brewery, which promotes the brewery and the tourism industry. These amendments authorized a malt beverage manufacturer to have unlimited vendor's licenses on a property contiguous to a brewery.[17] At the time, only one manufacturer took advantage of the amendment, Anheuser Busch, at its Busch Gardens location in Tampa, Florida. This provision has not been amended since 1984.

This exception permits manufacturers to obtain vendor's licenses for the sale of malt beverages at a brewery location if the vendor's license will promote tourism.[18] As interpreted by the Division, this exception permits the restaurant or taproom attached to the manufacturing premises to sell alcoholic beverages subject to the following conditions:

- Malt beverages manufactured on premises or shipped from the manufacturer's other manufacturing premises may be sold for on-premises consumption;
- Malt beverages manufactured on premises or shipped from the manufacturer's other manufacturing premises may be sold for off-premises consumption in authorized containers, including growlers;
- Any other alcoholic beverages may be sold as authorized by the vendor's license.

In Florida, a number of breweries, known as "craft breweries,"[19] have used the exception to open restaurants or taprooms attached to their breweries in order to build their brand. Between 1995 and February 2014, 90 licenses have been issued in Florida to various entities pursuant to this exception,

[11] ch. 63-11, Laws of Fla.
[12] ch. 67-511, Laws of Fla.
[13] ch. 78-187, Laws of Fla.
[14] *Senate Staff Analysis and Economic Impact Statement*, SB 758 (1978), May 2, 1978.
[15] ch. 79-54, Laws of Fla.
[16] ch. 84-142, Laws of Fla.
[17] *Senate Staff Analysis and Economic Impact Statement*, SB 813 (1984), May 9, 1984 (CS/HB 183 was substituted for CS/SB 813).
[18] s. 561.221(2), F.S.
[19] The Brewers Association defines a "craft brewer" as a small, independent and traditional brewer, with an annual production of 6 million barrels of beer or less, less than 25% owned or controlled by an alcoholic beverage industry member that is not a craft brewery, and has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. BREWERS ASSOCIATION, *Craft Brewer Defined*, http://www.brewersassociation.org/statistics/craft-brewer-defined/ (last visited Feb. 6, 2015).

with 33 being issued in 2012 and 2013 alone.[20] Currently in Florida, approximately 60 breweries are licensed as both manufacturers and vendors pursuant to this exception.[21]

Since 1977, the brewery industry has grown nationwide exponentially, from 89 breweries nationwide in 1977 to 2,538 in June 2013.[22] During 2013, craft brewers saw an 18 percent rise in volume and a 20 percent increase by dollars compared to 15 percent rise in volume and 17 percent increase by dollars in 2012.[23]

Brewpub Exception

The second exception where an entity may obtain both a license as a manufacturer of malt beverages and a vendor's license for the sale of alcoholic beverages is often referred to as the Brewpub Exception. This exception was added to s. 561.221, F.S., by SB 1218 (1987),[24] which amended the language to permit a vendor to be licensed as a manufacturer of malt beverages at a single location, with the following requirements:

- The brewpub may not brew more than 10,000 kegs of malt beverages on the premises per year;
- Malt beverages manufactured on premises must be sold for on-premises consumption;
- Malt beverages brewed by other manufacturers, as well as wine or liquor may be sold for on-premises consumption as authorized by its vendor's license;
- The brewpub must keep records and pay excise taxes for the malt beverages it sells or gives to consumers.

Due to the requirement that malt beverages be sold for on-premises consumption, brewpubs are not permitted to sell growlers.

Overlap of Exceptions

The statutory language of the Tourism Exception addresses a manufacturer that wishes to hold a vendor's license to permit the sale of malt beverages directly to the public at a brewery. The statutory language of the Brewpub Exception addresses a vendor that wishes to hold a manufacturer's license to permit the brewing of malt beverages for consumption on premises at a retail location. Nevertheless, some "brewpubs" are licensed under the Tourism Exception. In some cases, these restaurants even use the word "brewpub" in the name of the business. At these manufacturers' locations, the public is able to purchase growlers. However a vendor licensed as a brewpub pursuant to the brewpub exception is not able to sell growlers to the public.

Additionally, the Division has permitted licensees originally licensed pursuant to the Brewpub Exception to change their licensure to a manufacturer with a vendor's license under the Tourism Exception. The law created limited exceptions to the three-tier system; however, as more recently implemented, the overlap between the tiers has become more pronounced.

[20] Email from Dan Olson, Deputy Director of Legislative Affairs, Department of Business and Professional Regulation, Re: CMB licenses with a vendor's license issued pursuant to s. 561.221(2), F.S., by year since 1995 (Feb. 4, 2014).
[21] *Id*.
[22] BREWERS ASSOCIATION, *Brewers Association Reports Continued Growth for U.S. Craft Brewers*, (July 29, 2013), http://www.brewersassociation.org/press-releases/brewers-association-reports-continued-growth-for-u-s-craft-brewers/.
[23] BREWERS ASSOCIATION, *Craft Brewing Facts*, http://old.brewersassociation.org/pages/business-tools/craft-brewing-statistics/facts (last visited on Feb. 6, 2015).
[24] ch. 87-63, Laws of Fla.

Come to Rest Requirements

Section 561.5101, F.S., provides that, for purposes of inspection and tax-revenue control, all malt beverages except those brewed in brewpubs pursuant to s. 561.221(3), F.S., must come to rest at the licensed premises of a distributor prior to being sold to a vendor. The exception does not include s. 561.221(2), F.S., for beer brewed at a brewery and sold at retail on the manufacturer's premises under the Tourism Exception.

Effect of the Bill

Manufacturer with Vendor's License Exception

The bill permits manufacturers to obtain a vendor's license at two manufacturing premises licensed by the manufacturer, pursuant to the following requirements:

- The manufacturing premises and the vendor's retail premises must be located on the same property, which may be separated by one street or highway.
- The premises must contain a brewery.
- The manufacturer and the vendor retail premises must be included on a sketch provided to the Division at the time of application for licensure.

The manufacturer is permitted to sell alcoholic beverages to consumers pursuant to their vendor's license in face-to-face transactions subject to the following requirements:

- Malt beverages brewed at the licensed manufacturing premises or at another manufacturing premises owned by the manufacturer to consumers:
  - For on-premises consumption.
  - For off-premises consumption in authorized containers such as cans or bottles.
  - For off-premises consumption in growlers.
- Malt beverages brewed by another manufacturer:
  - For on-premises consumption.
  - For off-premises consumption in authorized containers such as cans or bottles.
  - For off-premises consumption in growlers.
- Wine or liquor for on-premises or off-premises consumption as authorized by the vendor's license.

The manufacturer maintains responsibility to maintain records and pay excise taxes for the malt beverages it sells or gives to consumers pursuant to its vendor's license.

An entity that has applied for a manufacturer's and vendor's license at more than two licensed manufacturing premises pursuant to this paragraph before March 15, 2015, or has been issued a manufacturer's and vendor's license at more than two licensed manufacturing premises pursuant to this paragraph before July 1, 2015, may maintain the licenses previously obtained or received based on the application prior to March 15, 2015, but may not obtain or apply for additional vendor's licenses. But manufacturers that hold both a vendor's license and a manufacturer's license must comply with the above listed requirements.

Manufacturers with vendor's licenses are prohibited from creating a chain of more than two vendor licensed manufacturing premises under common control of one entity, either directly or indirectly. However, manufacturers are not prohibited to purchase or own stock in a publicly traded corporation where the licensee does not have and does not obtain a controlling interest. For manufacturers that hold vendor's licenses at more than two licensed manufacturing premises prior to July 1, 2015, or applied for prior to March 15, 2015, the limit of two is replaced with the actual number of manufacturing premises with vendor licenses the entity operates or obtains as a result of the application prior to March 15, 2015.

Taprooms

The bill permits manufacturers to have a taproom at a licensed manufacturing premises without obtaining a vendor's license. Manufacturers who already have two premises with both a manufacturer and vendor's license pursuant to the above exception may have a taproom at any additional manufacturing premises or at any manufacturing premises in lieu of obtaining a vendor license. Manufacturers may only have a taproom pursuant to the following requirements:

- Taprooms must be attached to the licensed manufacturing premises, which may be separated by a street or highway;
- The manufacturing premises and taproom must be included on a sketch provided to the Division at the time of application for licensure.

The manufacturer is authorized to sell only malt beverages it brews, in a taproom through face-to-face transactions with consumers according to the following requirements:

- For on-premises consumption;
- For off-premises consumption in growlers.

Of the malt beverages sold in the taproom, at least 70 percent must have been brewed on the licensed manufacturing premises. No more than 30 percent of the malt beverages sold in the taproom may be brewed by the manufacturer at other licensed manufacturing premises and shipped to the taproom pursuant to s. 563.022(14)(d), F.S.

The manufacturer maintains its responsibility to record and pay excise taxes for the malt beverages it sells or gives to consumers in the taproom. Furthermore, manufacturers are permitted to obtain a permanent food service license in the taproom.

Severability of the Brewery with Vendor's License Exception and Taprooms Exception

The bill provides that, if a provision of s. 561.221(2), F.S., regarding the breweries with a vendor's license exception or taprooms, as referenced above, is held invalid, or if the application of the section is held invalid, that the invalidity of the section does not affect other provisions or applications of the act.

Brewpub Exception

The bill maintains the Division's authority to issue both a manufacturer's and a vendor's license to a brewpub subject to the following requirements, in addition to the existing requirements listed above:

- The brewpub may not ship malt beverages to or between licensed brewpub premises owned by the same licensed entity pursuant to s. 563.022(14)(d), F.S.;
- The brewpub must hold a permanent food service license;
- The brewpub shall not place malt beverages brewed on the premises into the distribution channel.

The brewpub is permitted to sell alcoholic beverages to consumers pursuant to their vendor's license in face-to-face transactions subject to the following requirements:

- Malt beverages brewed at the brewpub:
  - For on-premises consumption;
  - For off-premises consumption in growlers.
- Malt beverages brewed by another manufacturer:
  - For on-premises consumption;
  - For off-premises consumption in growlers if the brewpub holds a valid quota license.
- Wine or liquor for on-premises or off-premises consumption as authorized by the vendor's license.

Come to Rest Requirements

The bill exempts malt beverages brewed by a manufacturer with a vendor's license pursuant to s. 561.221(2) or (3), F.S., (Tourist Exception, Taprooms, and Brewpubs) from the requirement that all malt beverages come to rest at the licensed premises of a distributor prior to being sold to a vendor by the distributor.

Malt Beverage Tastings

Current Situation

As part of Florida's "Tied House Evil" laws, there are many restrictions to the business and market activities between the three-tiers. Restrictions include preventing shared promotions, where a manufacturer or distributor may partner with a vendor to promote a specific product at the vendor's location.

Manufacturers and distributors are prohibited from providing malt beverages for tastings at a vendor's licensed premises, as it would be a violation of the Tied-House Evil provisions of the Beverage Law. Section 561.42(14)(e), F.S., prohibits sampling activities that include the tasting of beer at a vendor's premises that is licensed for off-premises sales only. Additionally, s. 561.42(1), F.S., prohibits a licensed manufacturer or distributor from assisting any vendor by any gifts or loans of money or property of any description or by the giving of any rebates of any kind whatsoever.

Vendors are permitted to provide alcoholic beverages directly to consumers if the alcoholic beverages are paid for by the vendor. Therefore, vendors are currently permitted to conduct malt beverage tastings using malt beverages that the vendor owns.

Effect of the Bill

The bill deletes language in s. 561.42(14)(e), F.S., prohibiting manufacturers or distributors from conducting sampling of malt beverages on a vendor's licenses premises and makes some conforming changes to the subsection.

Additionally, s. 563.09, F.S., is created to permit a manufacturer, distributor, or importer of malt beverages, or any contracted third-party agent thereof to conduct malt beverages tastings on a vendor's licensed premises if the vendor is licensed for on-premises consumption or the vendor is licensed for off premises consumption and:

- The vendor's licensed premises consists of at least 10,000 square feet or more interior space; or,
- The vendor is licensed pursuant to s. 565.02(1)(a), F.S.;

The tastings may only be conducted as follows:

- Limited to and directed toward members of the general public of the age of legal consumption;
- If the vendor is licensed for on premises consumption, served in a cup, glass, or other open container; and,
- If the vendor is only licensed for off premises consumption, be provided to the consumer in a tasting cup with a capacity of 3.5 ounces or less.

The manufacturer or distributor may purchase the malt beverages from the vendor at no more than retail price.

The manufacturer or distributor conducting the tastings shall:

- Provide the malt beverages used in the tasting;
- The total volume of the product offered for tasting may not exceed 576 ounces.
- Not pay a fee or provide any compensation to the vendor;

- Properly dispose of any remaining beverages or return any unconsumed malt beverages to the manufacturer's or distributor's inventory;
- Must complete any applicable reports and pay applicable excise taxes, even if the manufacturer or distributor contracts with a third-party agent to conduct the tasting.

More than one tasting may be held on a licensed premises each day, but only one tasting event may be conducted at any one time.

The bill does not alter a vendor's rights to conduct tastings under the current law, and is supplemental to any special act or ordinance. The bill provides rulemaking authority for the division to adopt rules to implement the tastings provision.

Deliveries of Alcoholic Beverages

Current Situation

A license vendor is permitted to transport alcoholic beverage purchased directly from a distributor's place of business to the vendor's licensed premises or off-premises storage, so long as the vendor or any person disclosed on the application owns or leases the vehicle used for transport and that the vehicle was disclosed to the Division and a permit is issued for the vehicle. The person whose name is included in the permit application must be the person that operates the vehicle during transport.[25]

In order to obtain a vehicle permit for the transport of alcoholic beverages, the licensee must submit an application with a $5 fee per vehicle to the Division. Permits do not expire unless the licensee disposes of the vehicle, the vendor's license is transferred, canceled, or not renewed, or is revoked. The vendor may request that a permit be canceled.[26]

By accepting a vehicle permit, the vendor or person disclosed on the application agrees the vehicle is subject to inspection and search without a search warrant, to ensure the vendor is complying with the Beverage Law. The inspection may be completed by authorized Division employees, sheriffs, deputy sheriffs, and police officers during business hours or when the vehicle is being used to transport alcoholic beverages. The vehicle permit and invoice or sales ticket for the alcoholic beverage in the vehicle must be carried in the vehicle while the vehicle is being used to transport alcoholic beverages.

Pursuant to s. 562.07, F.S., alcoholic beverages cannot be transported in quantities of more than 12 bottles except by:

- Common Carriers;
- In owned or leased vehicles of licensed vendors or authorized persons transporting the alcoholic beverages from a distributor's place of business to the vendor's licensed premises or off-premises storage if the vehicle has the required permit;
- Individuals who possess the beverages not for resale;
- Licensed manufacturers, distributors, or vendors delivery of alcoholic beverages away from their place of business in vehicles owned or leased by the licensees; or
- A vendor, distributor, pool buying agent, or salesperson of wine and spirits as outlined in s. 561.57(5), F.S.

[25] s. 561.57(3), F.S.
[26] s. 561.57(4), F.S

Effect of the Bill

The bill amends s. 561.57(3) and (4), F.S., to allow a licensed vendor to transport alcoholic beverages from a distributor's place of business to the vendor's licensed premises or off-premises storage permitted by the Division without a vehicle permit if the vehicle is owned or leased by the vendor. However, a vehicle permit shall be required if the vehicle is owned or leased by a person listed on the vendor's license.

Additionally, the bill maintains the requirement to possess an invoice or sales ticket during the transportation of alcoholic beverages.

Finally, the bill amends s. 562.07, F.S., by amending entities and individuals that can transport alcoholic beverages in quantities of more than 12 bottles to include:

- Common carriers;
- Individuals who possess the beverages not for resale;
- Licensed manufacturers, distributors, or vendors transporting alcoholic beverages pursuant to s. 561.57, F.S.

Container Sizes and Growlers

Current Situation

Standard Containers

Currently, s. 563.06(6), F.S., requires that all malt beverages that are offered for sale by vendors be packaged in individual containers of no more than 32 ounces. However, malt beverages may be packaged in bulk or in kegs or in barrels or in any individual container containing one gallon or more of malt beverages regardless of individual container type. The industry developed bottles, cans, kegs, and other containers, as well as the shipping equipment to protect and distribute bottles, cans, and kegs based on industry standard sizes. Distributors have created a nationwide distribution system with the capacity to transport industry standard sized containers.[27]

Growlers

Some states permit vendors to sell malt beverages in containers known as growlers, which typically are reusable containers of 32 or 64 ounces that the consumer can take to a manufacturer/vendor to be filled with malt beverage for consumption off the licensed premises.[28] The standard size for a growler is 64 ounces.[29] Florida malt beverage law does not specifically address growlers.

Florida malt beverage law does not permit the use of 64 ounce containers or any other container size between 32 ounces and one gallon. As a result, growlers are prohibited in any sizes other than 32 ounces or less, and one gallon.

Effect of the Bill

Container Size

The bill provides that authorized containers as defined in s. 563.06(6), F.S., do not include growlers. A new subsection is created to define growlers, set requirements for growlers, and indicate license types authorized to fill growlers. The new container sizes authorized for use as growlers are limited to use as

[27] Testimony, Workshop on Craft Brewers Business Development Regulatory Issues, Business & Professional Regulation Subcommittee (Jan. 9, 2013).
[28] BeerAdvocate, *The Growler: Beer-To-Go!*,(July 31, 2002) http://www.beeradvocate.com/articles/384/.
[29] Brew-Tek, *What is a Growler?*, http://www.brew-tek.com/products/growlers/what-is-a-growler/ (last visited Feb. 6, 2015).

specified and may not be used for purposes of distribution or sale outside the manufacturer's or vendor's licensed premises.

Growlers

The bill defines growlers as a container of 32, 64, and 128 ounces in volume, originally manufactured to hold malt beverages. The requirement that the container be originally manufactured to hold malt beverages insures the exclusion of containers such as empty soda bottles, milk jugs, or other containers not manufactured strictly to hold malt beverages.

Licensees may fill or refill growlers with malt beverages as follows:

- Malt beverages brewed by the manufacturer or brewpub at the following locations:
  - A taproom attached to the manufacturer's premises pursuant to s. 561.221(2)(a), F.S.;
  - An attached vendor's premises licensed pursuant to s. 561.221(2)(b), F.S.;
  - A brewpub licensed pursuant to s. 561.221(3), F.S.
- Malt beverages brewed by any manufacturer if the vendor/manufacturer holds a valid quota license pursuant to ss. 561.20(1) and 565.20(1)(a)-(f), F.S., at the following locations:
  - An attached vendor's premises licensed pursuant to s. 561.221(2)(b), F.S.;
  - A brewpub licensed pursuant to s. 561.221(3), F.S.;
  - Any vendor's licensed premises.
- Malt beverages brewed by any manufacturer if the vendor filling the growler obtains at least 80 percent of its annual gross revenues from the sale of malt beverages, the sale of wine, or the sale of both malt beverages and wine, and the vendor does not hold a manufacturer's license.

Growlers must meet the following requirements:

- Have an unbroken seal or be incapable of being immediately consumed;
- Be clean prior to filling;
- Have a label that sufficiently covers an existing identifying mark from another manufacturer to indicate the malt beverage placed in the growler, and indicates:
  - Name of the manufacturer
  - Brand
  - Volume
  - Percentage of alcohol by volume
  - Federal health warning.

The bill provides that it is legal to possess and transport empty growler containers.

Malt Beverage Franchise Agreements

Current Situation

Section 563.022, F.S., sets forth requirements for franchise agreements between distributors and manufacturers of malt beverages. Most states have a law that requires manufacturers to sign a franchise agreement with distributors in the state in order to preserve the three-tier system. This model was enacted in the 1970s. At the time, fewer than 50 manufacturers existed in America and nearly 5,000 distributors. Many distributors carried beer only from a single large manufacturer. Franchise laws were drafted to protect the distributors in case the manufacturer decided not to renew the franchise agreement.[30] Therefore the franchise laws that were written at the time were written in a way that would protect distributors from being forced out of business if a manufacturer decided to go with another distributor. The protectionism was based on the theory that a distributor that had only contracted with one large manufacturer would be forced out of business if that manufacturer decided to not renew the contract at the end of the contract term, since the distributor would have all its capital and equipment wrapped up in the distribution and marketing of that one manufacturer's brands.

[30] Steve Hindy, *Free Craft Beer!*, NEW YORK TIMES, (Mar. 30, 2014), at SR12.

Section 563.022(2)(c), F.S., defines "franchise" to mean "a contract or agreement, either express or implied whether oral or written, for a definite or indefinite period of time in which a manufacturer grants to a beer distributor the right to purchase, resell, and distribute any brand or brands offered by the manufacturer." The statute does not provide any requirements setting forth the required provisions of a franchise agreement.

The statute prohibits unfair methods of competition and unfair or deceptive acts or practices in the conduct of manufacturing, importing, distributing, and selling of malt beverages, and provides that any person who violates any provision of the franchise requirements is not subject to criminal penalties in the Beverage Law on account of the violation. Subsection (5) lists various acts that can constitute unfair or prohibited acts. It also provides that it is unlawful for any manufacturer or representative of a manufacturer "to terminate, cancel, ***fail to renew, or refuse to continue*** the franchise or selling agreement of any…distributor without good cause..."[31] "The nonrenewal of a franchise or selling agreement without good cause shall constitute an unfair termination or cancellation regardless of the specified time period of such franchise or selling agreement."[32] This language negates any language in the contract placing a term limit on the contract, thus making the contract essentially perpetual. Additionally, distributors and manufacturers are not required to renegotiate a contract for different terms at any point. This means that a manufacturer entering into a contract would be held to the terms of the agreement perpetually, even if the market or industry changed in a significant manner or if another distributor was able to compete with the terms of the contract at a later date, thus lessening the manufacturer's free contract rights or competitive pricing in distribution of malt beverages.

Once a franchise contract is established, there is no requirement in law for either the manufacturer or distributor to renegotiate the terms of the contract based on outside factors which may have changed the relative market or bargaining positions of the parties. Because these contracts are unlikely to be revisited, manufacturers whose bargaining and market position may rise may not be able to leverage their success and as readily control their brand, as distribution contracts are virtually perpetual under the current law.

In order to terminate, cancel, fail to renew, or refuse to continue a franchise agreement, the manufacturer must give notice at least 90 days prior of their intend termination action to the distributor, act in good faith, and have good cause for their intended termination action.[33]

The manufacturer's required notice must make a statement of their intended termination action, make a statement of the reason for their termination action, and provide the effective date of their termination action.[34]

Under current law, good cause will be found to exist when:

- The distributor fails to comply with a reasonable and material provision of the franchise agreement;
- The manufacturer knew of the distributor's failure not more than 18 months before the date of notification is given;
- The distributor is given written notice by the manufacturer of failure to comply with the agreement;
- The distributor is given reasonable opportunity to cure the noncompliance. The distributor must provide a plan of corrective action within 30 days and be given an additional 90 days to cure the noncompliance or sell the distributorship.[35]

The manufacturer carries the burden of proof that he/she acted in good faith, that the notice requirements were met, and that there was good cause for the termination. Further, under current law, the distributor must provide written consent prior to the expiration of the manufacturers 90 day notice

[31] s. 563.022(5)(b)4., F.S. (emphasis added).
[32] s. 563.022(5)(b)4., F.S.
[33] s. 563.022(6), (9), and (10), F.S.
[34] s. 563.022(9), F.S.
[35] s. 563.022(7), F.S.

period. Should a distributor not provide this consent, the distribution contract will continue unless the contract is voided by court order or an elevated termination condition occurs, described in s. 563.022(10), F.S., to void the distribution contact.

Under s. 563.022(10), F.S., a manufacturer may terminate a distribution contract with only 15 days written notice, if any of the following occurs:

- The distributor becomes insolvent;
- The distributor's license is revoked for more than 60 days;
- The distributor or a partner or individual with 10 percent or more ownership of the distributor has been convicted of a felony unless the convicted individual sells his interest within 15 days of the conviction;
- The distributor acted fraudulently relating to a material matter in dealings with the manufacturer or its products;
- The principle of the distributor intentionally and willfully sells the manufacturer's products outside his exclusive territories in Florida;
- The distributor fails to pay and continues to fail to pay within 15 days after receipt of notice of delinquency and demand for payment;
- The distributor sells, transfers, or assigns the franchise or control without written consent of the manufacturer.[36]

At any point during the 90 day notice period or during the 15 day period provided in case of malpractice on the part of the distributor, either party may bring action in the appropriate circuit court to shorten the notice period or extend it pending a final determination of proceedings on the merits. The court has the authority to grant temporary, preliminary, and final injunctive relief.[37]

Finally, a manufacturer may terminate, cancel, not renew, or discontinue a franchise agreement with not less than 30 days written notice if the manufacturer discontinues production or distribution in Florida of all brands sold by the manufacturer to the distributor. This doesn't prohibit the manufacturer from doing test marketing of new brands of beer, provided the manufacturer has notified the Division in writing of the test marketing.[38]

Distributors are required to "devote such efforts and resources, as required in the [franchise] agreement…, to sales and distribution of all the manufacturer's products which the distributor has been granted the right and has agreed to sell and distribute…"[39]

Currently, a manufacturer who terminates, cancels, fails to renew or discontinues a franchise agreement without good cause, or who unreasonably withholds consent to any assignment, transfer, or sale of a distributor's business assets or voting stock or other equity securities, must pay the distributor "reasonable compensation" for the diminished value of the distributor's business. If the manufacturer and distributor cannot agree to the "reasonable compensation," the matter may be submitted to an arbitrator selected by the parties and the claim settled in accordance with rules provided by the American Arbitration Association. Arbitration costs are to be shared.[40]

Any person who is injured by a violation of s. 563.022, F.S., may bring action in circuit court and, if successful, shall recover damages sustained and may bring an action to obtain a declaratory judgment that the act violates the section to enjoin a manufacturer or distributor who has violated the section. [41]

When a distributor maintains an inventory because of a franchise agreement, and that agreement is terminated, the manufacturer is required to repurchase inventory of the manufacturer's product

[36] s. 563.022(10), F.S.
[37] s. 563.022(18)(a) and (b), F.S.
[38] s. 563.022(11), F.S.
[39] s. 563.022(12), F.S.
[40] s. 563.022(17), F.S.
[41] s. 563.022(18), F.S.

possessed by the distributor within 60 days and pay the actual distributor cost, including freight and reasonable storage and handling cost, during repurchase. [42] The manufacturer is not required to repurchase any inventory which the distributor desires to keep, provided the distributor has a contractual right to do so, any inventory ordered after notification of a manufacturer's termination action, or any inventory acquired by the distributor from a source other than the manufacturer.[43]

Current law provides stability in the malt beverage distribution system by helping to ensure long term contractual relationships between manufacturers and distributors. These regulations appear to have been designed to protect distributors and the distribution system from disruption that could result from the untimely termination of a contract with a large manufacturer.

Today there are more than 2,700 manufacturers and fewer than 1,000 distributors in the United States. A significant number of manufacturers are considered "craft breweries," smaller breweries that specialize in brewing craft beer, who produce 6 million barrels of beer or less and who are generally independently owned from an alcoholic beverage industry member.[44]

There are currently 98 malt beverage manufacturers located within Florida and 383 malt beverage distributors licensed in Florida.[45] Nearly all of the 383 distributors have diversified the manufacturers they distribute for. Consequently, the loss of a single manufacturer contract, in most cases, would not have a significant impact on the distributor.

Effect of the Bill

The bill changes the definition of "franchise" to "franchise agreement" and requires that the contract be written for a definite period of time. The references to a franchise agreement are corrected throughout the bill language. Additionally, the term "primary manufacturer" is added to the definitions. "Primary manufacturer" means a manufacturer that provides more than 50 percent by volume of the malt beverages purchased by and delivered to a distributor per calendar year.

The bill provides that each franchise agreement shall:

- Be negotiated and executed in good faith by both parties;
- Include exclusive territorial assignments;
- Provide a maximum term of 5 years for non-primary manufacturers, and provide that agreements made before July 1, 2015 expire on June 30, 2015;
- Be substantially similar in terms with other franchise agreements of the manufacturer;
- Include provisions for recovery of actual damages by the distributor if the manufacturer terminates or cancels the agreement before expiration of the term of the agreement without good cause. Damages are not available for failure to renew an agreement by a non-primary manufacturer;
- State that the manufacturer's trademarks are the manufacturer's exclusive property to be used in accordance with the manufacturer's standards and direction;
- Permit modification of the agreement during the term of the agreement with both party's consent.

The bill repeals language providing that a person who violates a provision of s. 563.022, F.S., is not subject to criminal penalties set forth in the Beverage Law.

The bill removes the prohibition against non-primary manufacturers failing to renew or discontinue a franchise agreement. The bill reduces the notice requirement of s. 563.022(9), F.S., for a manufacturer to terminate or cancel an agreement to 30 days, from 90 days in current law.

[42] s. 563.022(20)(e), F.S.
[43] s. 563.022(20)(d), F.S.
[44] BREWERS ASSOCIATION, *Craft Brewer Defined,* http://www.brewersassociation.org/statistics/craft-brewer-defined/ (last visited Feb. 6, 2015).
[45] Email from Dan Olson, Director of Legislative Affairs, Department of Business and Professional Regulation, RE: number of licensed manufacturers and distributors (Jan. 14, 2015).

The bill provides that a primary manufacturer is still prohibited from terminating, canceling, failing to renew, or discontinuing a franchise agreement upon the expiration of the term of the franchise agreement.

The bill provides that nonrenewal of a franchise agreement by a primary manufacturer without good cause constitutes an unfair termination or cancellation for any time period specified in the agreement.

The requirements for good cause are not amended other than to modify a reference. However the burden of proof for each good faith termination or cancellation by a manufacturer, or termination, cancellation, failure to renew or discontinuance by a primary manufacturer has been amended to require that the manufacturer provide prima facie evidence that it has acted in good faith, that the notice requirements have been met, and there was good cause for the termination, cancellation, nonrenewal, or discontinuance. After the manufacturer provides such prima facie evidence, the burden of proof shifts to the distributor to prove the manufacturer has not met statutory and contractual requirements.

The bill removes the 15 day notice requirement for the elevated termination provisions of a franchise agreement by a manufacturer in s. 563.022, F.S., and allows a manufacturer to immediately terminate a franchise agreement under the circumstances provided.

The bill amends the amount of compensation required by a manufacturer to a distributor for termination or cancellation by a manufacturer without good cause, or termination, cancellation, failure to renew, or discontinuance by a primary manufacturer without good cause from “reasonable compensation” for the diminished value of the distributor’s business to actual damages incurred by the distributor because of the termination action.

Additionally, the bill repeals the ability of any person injured by a violation of s. 563.022, F.S., to bring action in circuit court to obtain a declaratory judgment that an act violates the section and enjoin a manufacturer or distributor who has violated the section.

The bill requires that manufacturers repurchase inventory following a termination, cancellation, failure to renew, or discontinuance of the agreement by paying fair market value for the inventory being repurchased and 100 percent of the actual distributor cost, including freight and reasonable storage and handling costs, for all unsold beer. The manufacturer is not required to repurchase any inventory the distributor desires to keep, any inventory ordered after receipt of the notification of a termination action, any inventory acquired from a source other than the manufacturer, or any expired inventory.

Limited Malt Beverage Self-Distribution

Current Situation

Currently manufacturers may ship malt beverages between manufacturing locations pursuant to an exception in s. 563.022(14)(d), F.S., which permits a manufacturer to ship products between its licensed manufacturing premises without a distributor’s license. Further, manufacturers of malt beverages may only sell their product to a distributer except under certain exceptions where they are permitted to sell directly to consumers at its manufacturing premises.

Effect of the Bill

The bill provides for limited self-distribution by any malt beverage manufacturer. However, a brewpub licensed under s. 561.221(3), F.S., is not a manufacturer for purposes of this provision. Any malt beverage manufacturer may sell and ensure receipt of no more than 2,000 total kegs of malt beverages per year directly to vendors. The manufacturer is required to use its own vehicles to deliver malt beverages to licensed vendors.

In addition, a manufacturer may only self-distribute malt beverages that are packaged in bulk, such as kegs or barrels, and to vendors who are not within the exclusive sales territory of a distributor with whom the manufacturer is under contract.

While this provision will permit any malt beverages manufacturer to make limited sales and delivery of products directly to vendors, it is expected to serve as a mechanism to assist new manufacturers in establishing customers.[46]

The manufacturer is responsible for keeping records and paying excise taxes for the malt beverages it sells or gives to vendors. The reports shall distinguish between malt beverages the manufacturer self-distributed and those sold directly to consumers by the manufacturer pursuant to s. 561.221(2), F.S.

Craft Distilleries

Current Situation

As noted above, there are some exceptions to the three-tier regulatory system. In 2013, s. 565.03, F.S., was amended to create another exception to the three-tier regulatory system regarding the manufacture and sale of distilled spirits.[47] "Distillery" is defined as "a manufacturer of distilled spirits." "Craft distillery" is defined as a licensed distillery that produces 75,000 or fewer gallons of distilled spirits on its premises and notifies the Division of the desire to operate as a craft distillery.[48] A craft distillery is permitted to sell the distilled spirits it produces to consumers for off-premise consumption. Sales of the spirits must be made on "private property" contiguous to the distillery premises at a souvenir gift shop operated by the distillery. Once a craft distillery's production limitations have been surpassed (75,000 gallons), the craft distillery is required to notify the Division within five days and immediately cease sales to consumers.

Craft distilleries are prohibited from selling distilled spirits except in face-to-face transactions with consumers making the purchases for personal use and caps the total sales to each consumer at two or less containers per customer per calendar year. In addition, the craft distilleries are prohibited from shipping their distilled spirits to consumers.

Effect of the Bill

The bill amends the definition of "distillery" to mean "a manufacturer that distills ethyl alcohol or ethanol to create distilled spirits. Additionally, the bill permits craft distilleries to sell unlimited distilled spirits in face-to-face transactions with consumers making the purchases for personal use.

B. SECTION DIRECTORY:

Section 1 amends s. 402.82, 2 F.S., prohibiting electronic benefits transfer cards from being used or accepted to purchase an alcoholic beverage.

Section 2 amends s. 561.221, F.S., modifying exceptions to the three-tier system.

Section 3 amends s. 561.42, F.S., deleting a prohibition against certain entities conducting malt beverage tastings; conforming provisions.

Section 4 amends s. 561.5101, F.S., conforming a cross-reference.

Section 5 amends s. 561.57, F.S., deleting permit requirement on the vehicles that are owned or leased by a vendor, for the vendor to transport alcoholic beverages.

[46] Testimony, Workshop on Craft Brewers Business Development Regulatory Issues, Business & Professional Regulation Subcommittee (Oct. 9, 2013).
[47] ch. 2013-157, Laws of Fla.
[48] s. 565.03(1)(a), F.S.

Section 6 amends s. 562.07, F.S., conforming provisions.

Section 7 amends s. 562.13, F.S., amending employment restrictions for Beverage Law vendors to prevent a person under the age of 18 selling distilled spirits without supervision.

Section 8 amends s. 562.34, F.S., providing that possessing and transporting a growler is lawful.

Section 9 amends s. 563.022, F.S., revising requirements for franchise agreements between malt beverage manufacturer and distributors and providing limited self-distribution for manufacturers.

Section 10 amends s. 563.06, F.S., providing requirements for growlers.

Section 11 creates s. 563.09, F.S., authorizing a licensed distributor or manufacturer of malt beverages to conduct a malt beverage tasting and providing requirements and limitations.

Section 12 amends s. 565.03, F.S., deleting restrictions on the sale of individual containers to consumers in a face-to-face transaction at a craft brewery.

Section 13 repeals s. 565.04, F.S., repealing the provision regulating alcoholic beverage package stores.

Section 14 provides construction and severability.

Section 15 provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   Vehicle Permits:
   According to the Department, the elimination of the required permit and associated fee will result in a small reduction in revenue collections. The fee is a one-time fee, not an annual fee. In FY 2013-14 total fees collected for vehicle permits were $675.

   Package Stores:
   According to the Department, it is possible that 645 licenses will no longer be needed by large retailers for package stores. Revenue reduction is estimated at $252,840 recurring (645 licenses x $392 maximum license fee = $252,840).

2. Expenditures:

   Reductions in Expenditures:
   The potential loss of licensing revenue related to the repeal of the package store regulation would be offset by the reduction in General Revenue service charge of $20,227 (0.08 x $252,842).

   The repeal of the package store regulation would also be offset by a reduction of the share of license fees payable to the county of $55,837 (0.24 x [$252,842 - $20,227]).

   The repeal of the package store regulation would also be offset by a reduction of the share of license fees payable to the municipalities of $88,393 (0.38 x [$252,842 - $20,227]).

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   Package Stores:

It is possible that 645 licenses will no longer be needed by large retailers. Due to the reduction in licenses and associated fees, cities and counties could lose up to $88,393 and $55,827, respectively, for a total annual loss of $144,219 recurring.

2. Expenditures:

None anticipated.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Growlers: The bill may help generate additional revenue by authorizing taprooms and other licensees to begin selling growlers or to add the 64 ounce size growler.

Package Stores: Some alcoholic beverage licensees may be able to increase profits by selling additional merchandise, or smaller licensees may have a decrease in sales. The price of quota licenses may increase. Additionally, some businesses currently required to obtain multiple licenses for multiple stores will be able to save money by obtaining one license to conduct business rather than multiple licenses by combining their package store with a larger store location.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The Division will likely need to amend applications for licensure, requiring the rule adopting the form to undergo the rulemaking process. Otherwise, there is no mandatory rulemaking or rulemaking authority in the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Section 5 amends s. 561.57, F.S., and regulates persons besides the vendor who may transport alcoholic beverages from a distributor's place of business. The phrase "a person who is authorized by a vendor" on lines 412-413 may be ambiguous and may be interpreted broader than intended. The phrase should be revised to clarify specifically who is authorized.

Section 7 amends s. 562.13, F.S., regulates the age of a person a vendor under the Beverage Law may employ. A vendor who is licensed under s. 565.02(1)(a), F.S., and whose gross monthly sales of alcoholic beverages do not exceed 30 percent of its total gross sales of products and services may employ a person under the age of 18. A record keeping requirement for vendors who are licensed under s. 565.02(1)(a), F.S., and who wish to employ persons under the age of 18 may be required to enforce this section.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 18, 2015, the Business & Professions Subcommittee adopted eight amendments and reported the bill favorably as a committee substitute. The amendments:

- Amended the title to "relating to alcoholic beverages";
- Removed the ability for non-vendor licensed taprooms to sell malt beverages packaged in bottles or cans;
- Updated the malt beverages tastings language to provide sampling size guidelines, maximum volume of tasting product allowed per tasting, clarification on excise taxes, and other clarifications;
- Restore the vehicle permit requirement for vehicles used to transport alcoholic beverages that are owned or leased by persons on the vendor's license;
- Updates beverage law employment provisions to ensure a person of 18 years of age or older supervises the sale of distilled spirits at a vendor that is permitted to employ persons under the age of 18;
- Revises guidelines and regulations for limited self-distribution for manufacturers;
- Limits "growlers" to individual containers of 32, 64, and 128 ounces by volume originally manufactured to hold malt beverages;

The staff analysis is drafted to reflect the committee substitute.