

# FLORIDA HOUSE OF REPRESENTATIVES

## BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [CS/HB 499](#)  
**TITLE:** Malt Beverages  
**SPONSOR(S):** Yeager

**COMPANION BILL:** [SB 1818](#) (Collins)  
**LINKED BILLS:** None  
**RELATED BILLS:** None

### Committee References

[Industries & Professional Activities](#)

13 Y, 2 N

## SUMMARY

### **Effect of the Bill:**

The bill allows malt beverage manufacturers who produce less than 31,000 gallons per year to sell and deliver their malt beverages directly to vendors. The bill also allows malt beverage manufacturers, who produce less than 31,000 gallons a year to end contracts with distributors under certain conditions.

### **Fiscal or Economic Impact:**

The bill may have a positive fiscal and economic impact for malt beverage manufacturers who produce less than 31,000 gallons per year by allowing them to sell directly to vendors and to end their distribution agreements within a certain time-period.

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## ANALYSIS

### **EFFECT OF THE BILL:**

The bill creates an exception to the “[three-tiered system](#)” by allowing [malt beverage manufacturers](#), who produce [less than 31,000 gallons](#) in a calendar year, to sell and deliver their malt beverages directly to vendors. (Section [1](#))

The bill allows malt beverage manufacturers to terminate, cancel, not renew, or discontinue a [distribution agreement](#) without paying reasonable compensation to the distributor, if the manufacturer:

- Produced less than 31,000 gallons of beer in the 12-months prior to entering the agreement;
- Provides written notice to the distributor at least 24 months before the termination, cancellation, nonrenewal, or discontinuance of the distribution agreement; and
- Provides the written notice to the distributor not less than 36 months after the effective date of the agreement, but not more than 38 months after the effective date. (Section [2](#))

This applies to all distributor and malt beverage manufacturer distribution agreements entered into on or after July 1, 2025, and may not be waived by any party. (Section [2](#))

The bill allows a malt beverage manufacturer to request the Division of Alcoholic Beverages and Tobacco (Division) within the Department of Business and Professional Regulation (DBPR) to certify in writing how much beer the manufacturer produced in a 12-month period. (Section [2](#))

The division’s certification is effective for three (3) years and is prima facie evidence of the amount of beer produced by the manufacturer. A manufacturer may only make one request in any 12-month period. (Section [2](#))

The bill provides an effective date of July 1, 2025. (Section [4](#))

**STORAGE NAME:** h0499.IPA

**DATE:** 3/27/2025

## RULEMAKING:

The bill authorizes DBPR to adopt rules for malt beverage manufacturers to request written certification of the amount of beer they produced in a 12-month period.

***Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.***

## RELEVANT INFORMATION

### SUBJECT OVERVIEW:

#### [Malt Beverages](#)

In Florida, the Beverage Law<sup>1</sup> regulates the manufacture, distribution, and sale of wine, beer, and liquor by manufacturers, distributors, and vendors. The Division enforces the Beverage Law.<sup>2</sup>

“Alcoholic beverages” are defined in [s. 561.01, F.S.](#), as “distilled spirits and all beverages containing one-half of 1 percent or more alcohol by volume.”

“Malt beverages” are brewed alcoholic beverages containing malt. Beer is a brewed beverage that meets the federal definition in [27 C.F.R. s. 25.11](#) and contains less than 6 percent alcohol by volume. The terms “beer” and “malt beverage” have the same meaning in the Beverage Law.<sup>3</sup>

Section [561.14, F.S.](#), specifies license and registration classifications used in the Beverage Law:

- “Manufacturers” are those “licensed to manufacture alcoholic beverages and distribute the same at wholesale to licensed distributors and to no one else within the state, unless authorized by statute.”
- “Distributors” are those “licensed to sell and distribute alcoholic beverages at wholesale to persons who are licensed to sell alcoholic beverages.”
- “Importers” are those licensed to sell, or to cause to be sold, shipped, and invoiced, alcoholic beverages to licensed manufacturers or licensed distributors, and to no one else in this state.<sup>4</sup>
- “Vendors” are those “licensed to sell alcoholic beverages at retail only” and may not “purchase or acquire in any manner for the purpose of resale any alcoholic beverages from any person not licensed as a vendor, manufacturer, bottler, or distributor under the Beverage Law.”

#### [Malt Beverage Manufacturers](#)

According to DBPR, there are 365 malt beverage manufacturers in Florida. Of those 365 manufacturers, 283 manufacturers brewed less than 31,000 gallons of malt beverages in 2024. The top ten malt beverage manufacturers combined brewed over 330 million gallons of malt beverages in 2024, with the number one manufacturer brewing over 286 million gallons.<sup>5</sup>

#### [Three-Tier System and Tied House Evil](#)

Since the repeal of Prohibition in 1933, regulation of alcohol in the United States has traditionally been based upon what is termed the “three-tier system.” The system requires separation of the manufacture, distribution, and retail

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<sup>1</sup> Section [561.01\(6\), F.S.](#), provides that the “The Beverage Law” means chs. 561, 562, 563, 564, 565, 567, and 568, F.S.

<sup>2</sup> S. [561.02, F.S.](#)

<sup>3</sup> S. [563.01, F.S.](#)

<sup>4</sup> S. [561.01\(5\), F.S.](#)

<sup>5</sup> Email from Chris Kingry, Deputy Legislative Affairs Director, Department of Business and Professional Regulation, Info Request (March 17, 2025).

sale of alcoholic beverages. The manufacturer creates the beverages, and the distributor obtains the beverages from the manufacturer to deliver to the vendor. The vendor makes the ultimate sale to the consumer.<sup>6</sup>

Generally, only licensed vendors are permitted to sell alcoholic beverages directly to consumers at retail, and manufacturers, distributors, and exporters<sup>7</sup> are generally prohibited from holding a vendor's license.<sup>8</sup>

Manufacturers, distributors, and vendors are generally prohibited from being licensed or having an interest in more than one tier. Limited exceptions exist, subject to certain conditions, such as the ability for a malt beverage manufacturer to hold a vendor's license, a restaurant to hold a manufacturer's license (brew pub), and a winery to hold up to three vendor's licenses.<sup>9</sup>

The three-tier system is rooted in the perceived evils of the "tied house" in which a bar is owned or operated by a manufacturer or the manufacturer exercises undue influence over the retail vendor.<sup>10</sup>

Florida's "Tied House Evil Law," [s. 561.42, F.S.](#), prohibits a manufacturer or distributor of alcoholic beverages from having a financial interest, directly or indirectly, in the establishment or business of a licensed vendor, and prohibits a manufacturer or distributor from giving gifts, loans, property, or rebates to retail vendors.

#### *Exceptions to the Three-Tier System for Malt Beverage Manufacturers*

Section [561.221\(2\), F.S.](#), allows a malt beverage manufacturer to receive up to eight vendor's licenses for the sale of alcoholic beverages on property consisting of a single complex that includes a brewery, which may be divided by no more than one public street or highway. These vendor's licenses are an exception to the three-tier system described in ss. [561.14](#) and [561.22, F.S.](#), and to the tied house evil restrictions in [s. 561.42, F.S.](#)

A malt beverage manufacturer with multiple manufacturing licenses may transfer the malt beverages that it produces between its breweries, up to 100 percent of the yearly production of the receiving brewery. Alcoholic beverages that the malt beverage does not make must be obtained through a distributor, an importer, sales agent, or broker.<sup>11</sup>

#### [Business Relations between Distributors and Malt Beverage Manufacturers \(Franchise Law\)](#)

Section [563.022, F.S.](#), governs the relationship between malt beverage manufacturers and their distributors. Malt Beverage manufacturers are required<sup>12</sup> to enter into a "beer distribution agreement" or "franchise agreement" with a distributor to sell their product in this state. The agreement must be in writing and conform to statutory requirements.<sup>13</sup>

The Franchise Law specifies that distributors, but not manufacturers, are prohibited from waiving any of the rights granted to them under the Franchise Law.<sup>14</sup>

Under the Franchise Law, a manufacturer may not terminate cancel, terminate, fail to renew their agreement, or refuses to consent to the sale of a distributor's interest in the distributorship without **good cause** regardless of the time period specified in the agreement. A malt beverage manufacturer who cancels, terminates, or fails to renew an

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<sup>6</sup> S. [561.14, F.S.](#)

<sup>7</sup> S. [561.01\(16\), F.S.](#) "Exporter" means any person that sells alcoholic beverages to persons for use outside the state and includes a ship's chandler and a duty-free shop

<sup>8</sup> S. [561.22\(1\), F.S.](#); [s. 561.14\(3\), F.S.](#) However, see the exceptions provided in ss. 561.221 and [565.03, F.S.](#)

<sup>9</sup> See s. [561.14\(1\)](#); [s. 561.22, F.S.](#); [s. 561.24, F.S.](#); [561.42, F.S.](#); and [563.022\(14\), F.S.](#)

<sup>10</sup> See Andrew Tamayo, *What's Brewing in the Old North State: An Analysis of the Beer Distribution Laws Regulating North Carolina's Craft Breweries*, 88 N.C. L. REV. 2198 (2010), <http://scholarship.law.unc.edu/nclr/vol88/iss6/6>. (last visited March 22, 2025).

<sup>11</sup> S. [561.221\(2\), F.S.](#)

<sup>12</sup> S. [563.022\(15\), F.S.](#) The Franchise Law applies to all written or oral agreements between a manufacturer and beer distributor in existence on June 4, 1987, as well as agreements entered into or renewed after June 4, 1987.

<sup>13</sup> S. [563.022\(19\), F.S.](#)

<sup>14</sup> S. [563.022\(13\), F.S.](#)

agreement without good cause is required to pay reasonable compensation to the distributor for the diminished value of the distributor’s business.<sup>15</sup>

“Good cause” exists if:

- The distributor fails to comply with a reasonable and material provision of the agreement;
- The manufacturer provided written notice to the distributor within 18 months of the failure;
- The distributor was given a reasonable opportunity to make a good faith effort to comply with the agreement; and
- The distributor was given 30 days to submit a corrective action plan, and an additional 90 days to cure in accordance with the plan.<sup>16</sup>

A manufacturer also has “good cause” to terminate, upon 15 days’ notice, if the distributor:

- Files for bankruptcy, is insolvent, or is otherwise unable to remain in business.
- Has their state or federal license revoked for more than 60 days.
- Is convicted of a felony, but only if it has an adverse effect on the good will or interest of the distributor or brewer.
- Commits fraudulent conduct on a matter material to the manufacturer.
- Intentionally sells the manufacturer’s products outside of their exclusive sales territory.
- Fails to pay for products 15 business days after receiving a demand for immediate payment.
- Sells, transfers, or assigns their interest in the distributorship without the written consent of the brewer.<sup>17</sup>

The burden is on the manufacturer to show that it has acted in good faith, that the notice requirements have been complied with, and there was good cause for the termination, cancellation, nonrenewal, or discontinuance.<sup>18</sup>

If a manufacturer sells or transfers their interest in the brewery, their successor is also bound by the terms and conditions of the distribution agreement.<sup>19</sup> The Franchise Law allows a manufacturer to get out of a distribution agreement if they go out of business or stop making the products covered by the agreement, upon not less than 30 days’ prior written notice.<sup>20</sup>

In the event of a dispute arising under the Franchise Law, the prevailing party is entitled to recover costs and attorney fees.<sup>21</sup>

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## BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<a href="#">Industries &amp; Professional Activities Subcommittee</a>	13 Y, 2 N	3/26/2025	Anstead	Brackett

<sup>15</sup> S. [563.022\(5\)\(b\) and \(17\)](#), F.S.

<sup>16</sup> S. [563.022\(7\)](#), F.S.

<sup>17</sup> S. [563.022\(10\)](#), F.S.

<sup>18</sup> S. [563.022\(8\)](#), F.S.

<sup>19</sup> S. [563.022\(16\)](#), F.S.

<sup>20</sup> S. [563.022\(11\)](#), F.S.

<sup>21</sup> S. [563.022\(18\)\(c\)](#), F.S.

