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Drink Responsibly.
Drive Responsibly.

August 28, 2014

Ms. Dana Coomes
Alcoholic Beverage Control Administrator
101 East 4th Street
P.O. Box 10003
Owensboro, Kentucky 42302-9003

Ms. Stephanie Stumbo
Malt Beverage Administrator
Kentucky Department of Alcoholic Beverage Control
1003 Twilight Trail
Frankfort, Kentucky 40601-8400

Re: Application of Anheuser-Busch LLC for Malt Beverage Distributor's license

Dear Administrators Coomes and Stumbo:

I am writing on behalf our independent beer, wine and spirits retail members to express our concern over the application by Anheuser-Busch, LLC for a Kentucky Malt Beverage Distributor's license to be located at 4221 Airpark Drive, Owensboro, Kentucky as it would impact the three-tier system of beverage alcohol licensing and regulation.

With retail beverage licensee members in states across the country, including Kentucky, American Beverage Licensees (ABL) is the nation's largest organization representing on-premise and off-premise licensed beverage alcohol retailers. Retailers are the third "tier" in the three-tier beverage alcohol industry found in Kentucky and other states. ABL members work hard to responsibly sell alcohol to legal-aged customers within a tightly regulated alcohol industry. ABL has long stood in support of a properly regulated alcohol marketplace via the three-tier system of beverage alcohol production, distribution and retail sales.

This effective and efficient system of regulating beverage alcohol has led to billions of dollars in revenue; allowed state and local governments to adapt laws and policies that best reflect the values of their citizens; and introduced millions of consumers to beer, wine and spirits from around the corner, and around the globe.

The U.S. has the most diverse, innovative and consumer-friendly beverage alcohol marketplace in the world due to both the separation and cohesion that exists among the three tiers:

- Thousands of brewers, distillers and vintners in the U.S. and abroad make use of the distributor tier to move creative and exciting products to market.

- Distributors deliver efficiencies and logistics to collect taxes, move tens of thousands of products to retailers and also ensure product safety and integrity on the way to the marketplace.
- Retailers provide hundreds of thousands of venues, create millions of jobs and welcome tens of millions of customers to learn about and responsibly enjoy beer, wine and spirits.

Beverage alcohol laws differ in all states, but when it comes to the three-tier system, independent retail beverage licensees have broadly accepted and defended this mechanism in jurisdictions throughout the country. Though the situation in Owensboro involves a large multi-national corporation, attempts to diminish the three-tier system in other states have come from suppliers large and small, and have consistently been opposed by retail licensees.

The expansion of producer-owned distributors in Kentucky (and elsewhere) poses a real threat to the vast majority of retailers in the three-tier system. As many ABL members are small and independent, there is significant concern on their part that acquisitions such as this will lead to a loss of or decline in service; abandonment of pricing fairness with all retailers of any size; and a decline of new products to sell to consumers.

The evolution of a strong tier of independent beer distributors who are accountable to their customers and their communities has been a cornerstone of getting new and innovative products to market – a benefit for consumers and brewers alike. Similarly, beer drinkers know that their local beverage licensee – be it a corner tavern or a package store – can compete on a level playing field which allows Main Street businesses to flourish.

The three-tier system ultimately serves the consumer by placing checks and balances on each tier and providing customers with unparalleled choice and service. Allowing one tier to dominate others by collapsing the supplier and distributor tiers would undermine the system that has worked well for more than 80 years.

As such, we ask that you take these concerns into consideration as you review this application and take a course of action that will be least harmful to independent beverage retailers and consumers.

Please do not hesitate to contact me if you have any questions.

Sincerely,



John D. Bodnovich
Executive Director