



RETAIL-TO-RETAIL SALES: INCOMPATIBLE WITH THE THREE-TIER SYSTEM

To maintain a competitive marketplace, the three tiers of the alcohol distribution system (suppliers, distributors, retailers) **were intended to remain distinct and separate – one tier cannot undertake the duties of another tier.**

In a retail-to-retail sale, a retailer sells to another retailer for resale - often off-premise retailers selling to bars and restaurants. Such sales **open the door for certain retailers to use their market power to control sales to other retailers, which can decrease product choice and require more state oversight.**

BENEFITS OF PROHIBITING RETAIL-TO-RETAIL SALES



PREVENTION OF MARKET LEVERAGE

Prohibiting retail-to-retail sales **ensures that certain retailers cannot leverage their market power to lower their product costs while increasing prices** on products they distribute to other retailers. Preventing retail-to-retail sales **ensures a level playing field** where retailers purchase from a distributor on fair terms.



CONSUMER HEALTH AND CHOICE

The separation of the tiers is a major reason that **consumers have access to a variety of authentic products and led to a boom in the craft marketplace.** Distributors are bound by numerous laws aimed at protecting consumer health and safety that **a retailer is not which opens the door to illicit and counterfeit products entering the market.**



SIMPLIFIED STATE REGULATORY PROCESSES

Protecting the current three-tier system from retail-to-retail **sales guarantees product traceability and tax collection** by the state without unnecessary, over-complicated new state regulatory processes.

MODEL LANGUAGE RETAIL-TO-RETAIL SALES PROHIBITION



Licensed retailers of beverage alcohol **shall only purchase or in any way agree to receive beverage alcohol from a licensed wholesaler.** Purchases of beverage alcohol by a retailer from a supplier or another retailer are expressly prohibited. All purchases of beverage alcohol made by a retailer **shall be evidenced by an invoice from a licensed wholesaler.** Failure of a retailer to comply with this section shall be **cause for revocation of the retailer's license."**