



In-State and Craft Distilling in Control Jurisdictions

ALABAMA



Alabama ABC Board

Neil Graff

Chief Operating Officer

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In-State vs Out-State

Bailment

All suppliers treated the same

Margins

Same for all

Listing

Same for all products but in-state generally listed (in limited number of stores). No guarantee of listing.

Delisting

Products can and have been delisted due to poor sales but consideration applied where possible.

Initial Distribution

Limited distribution based on locations near distillery and targeted areas.

Separate shelf
Location

No

Distillery Store
Sales

Yes to consumers but limited to 2.25 liters per customers per day.

Gallonage
Threshold

No

Direct Delivery to
Licensees

No

IDAHO



Idaho State Liquor Division
208-947-9400

Manufacturer License Team

Manufacturer/Distillery License
Application



Idaho Distillers Association

IDA - Idaho Distillers Association

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In-State vs Out-State

Bailment	All products treated the same
Margins	All products treated the same
Listing	All products treated the same.
Delisting	All products treated the same.
Initial Distribution	Initial distribution treated the same for all products based on ISLD Retail Group Allocation List with additional consideration given for regional demographics.
Separate shelf Location	Separate Idaho/Regional (and adjacent states "local product") display
Distillery Store Sales	Distillery can obtain a "contract store license" and the sell direct to consumers (virtual transfer from distillery to store). With additional restaurant license can sell on premises.
Gallonage Threshold	No
Direct Delivery to Licensees	No

NABCA

IOWA



Iowa Alcoholic Beverages Division
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In-State vs Out-State

Bailment	All products are bailment
Margins	All products treated the same
Listing	Same process for all products but in-state products generally listed
Delisting	Not yet but being considered
Initial Distribution	NA. Private retailers
Separate shelf Location	NA. Private retailers
Distillery Store Sales	Can sell to consumers direct from distillery storefront with a native distillery license.
Gallonage Threshold	Volume of distillery store sales allowed is higher if production is less than 100,000 proof gallons annually (9 liters per person per day if < 100k; 1.5 liters per person per day if > 100k).
Direct Delivery to Licensees	No

MAINE



Maine Liquor & Lottery Commission

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Maine Distiller's Guild

Ned Wight

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In-State vs Out-State

Bailment	Yes, all products treated the same
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Margins	Lower markup for "small" distilleries producing <50,000 gallons
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Listing	Same for all products
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Delisting	Same for all products, supplier initiated
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Initial Distribution	NA. Private retailers
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Separate shelf Location	NA. Private retailers
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Distillery Store Sales	Yes
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Gallonage Threshold	"Small" distillery <50,000 gallons
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Direct Delivery to Licensees	No
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MICHIGAN



Michigan Liquor Control Commission

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Michigan Craft Distillers Association

Dianna Stampfler

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In-State vs Out-State

Bailment	Same for all products but can sell from distillery without bailment.
Margins	Same for all products
Listing	Same for all products.
Delisting	Same for all products. Must sell minimum quota based on retail price.
Initial Distribution	NA. Private retailers
Separate shelf Location	NA. Private retailers
Distillery Store Sales	Yes via onsite store or restaurant
Gallonage Threshold	Small distiller (produce or manufacture) license allows for distillery sales. Must produce less than 60,000 gallons
Direct Delivery to Licensees	No
Other	Separate section in quarterly price guide in addition to category section

MISSISSIPPI



Mississippi Dept. of Revenue

Kristen Doty

ABC Purchasing Manager

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In-State vs Out-State

Bailment	Same for all products
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Margins	Same
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Listing	Limited SKUs may be listed (not automatic) without making the regular sales dollar-based quota
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Delisting	Same for all products
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Initial Distribution	NA. Private retailers
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Separate shelf Location	NA. Private retailers
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Distillery Store Sales	Yes
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Gallonage Threshold	No
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Direct Delivery to Licensees	No
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MONTANA



Montana Department of Revenue

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Montana Distillers Guild

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In-State vs Out-State

Bailment	All products treated the same.
Margins	Mark up rates and taxes based on size of company not distillery location.
Listing	No, same case sales criteria required as out of state products
Delisting	Same criteria for all
Initial Distribution	Same for all products
Separate shelf Location	NA. Private retailers
Distillery Store Sales	Sales of 1.75L per day per consumer for off premises consumption and 2 ounces for on premises tasting consumption per day per consumer.
Gallonage Threshold	See markup and taxes under "Margins" section. Production of >25,000 gallons results in loss of tasting room privileges and distillery store off premises sales.
Direct Delivery to Licensees	Can direct deliver (not invoice) to agency liquor stores. This also applies to any other craft distiller (out of state) producing <25,000 gallons.

MONTGOMERY CO., MD



Montgomery County ABS

Kathie Durbin

Director

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Maryland Distillers Guild

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In-State vs Out-State

Bailment	NA. Montgomery County does not have a bailment warehouse
Margins	Same for all products
Listing	Small Maryland made distilleries can opt to have a LOC tag allowing them to self-distribute within the ABS stores.
Delisting	Not to date.
Initial Distribution	All stores.
Separate shelf Location	Yes. A Maryland Made section at the front of our 27 stores. Maryland Made products are also integrated on shelves, when possible, for double facings. Shelf tags with a Maryland Made logo are placed by items for attention.
Distillery Store Sales*	A Class 9 license holder can sell up to 3 bottles to consumers from the distillery store or with a Class B-BWL, Class D-BWL or Class BD-BWL license can also sell for on premises consumption on-site
Gallonage Threshold	Not Applicable
Direct Delivery to Licensees	Yes, can sell and deliver to both on premises licensees and county stores or can sell via warehouse.

NEW HAMPSHIRE



NH State Liquor Commission

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NH Craft Spirits Organization

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In-State vs Out-State

Bailment	NH craft product carried in our stores is stored in state owned warehouse with no fee. All other products are bailment at DHL Supply Chain warehouse for a fee. To be made available to On Premises product must be in DHL
Margins	Same except for Distillery Shop sales where the state does not take any margin (other than sales tax)
Listing	Same for all products
Delisting	Same for all products
Initial Distribution	Craft does not go into full test market distribution but is treated as a one-time-buy with a limited number of stores
Separate shelf Location	Spirits are located in respective sections Wine is located in a "NH Wines" section
Distillery Store Sales	Yes
Gallonage Threshold	Yes (legislation underway to properly define)
Direct Delivery to Licensees	No. Direct ship permits not available to in-state manufacturers.

NORTH CAROLINA



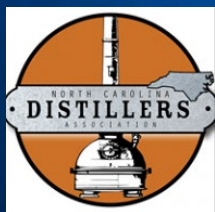
North Carolina ABC Commission

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Distillers Assoc. of North Carolina

Pete Barger

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In-State vs Out-State

Bailment	Same for all products.
Margins	Same for all products.
Listing	Automatic listing for NC Distillers (single size only to start).
Delisting	Not enforced at this time for NC Distillers.
Initial Distribution	Same for all products.
Separate shelf Location	Yes. "Made in NC" section.
Distillery Store Sales	Consumers can purchase unlimited bottles per person per year, but only in conjunction with a distillery tour.
Gallonage Threshold	No
Direct Delivery to Licensees	No

OHIO



Ohio Division of Liquor Control

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Ohio Distillers Guild

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In-State vs Out-State

Bailment	All products are bailment for Agency sale. Ohio distilleries have the option to list a product for distillery only sale.
Margins	Yes. There is an in-state grown fruit exception (see other)
Listing	Same listing requirements for all products if sold by Agency stores.
Delisting	No in-state products delisted to date.
Initial Distribution	Limited to local area until sales warrant expansion.
Separate shelf Location	Product located in category but generally grouped together on top shelf.
Distillery Store Sales	Yes. Sales can occur to consumers only via either retail shop or distillery restaurant.
Gallonage Threshold	Micro Distillery gallonage capped at 100k gallons allowing them to have full-service restaurant and retail shop.
Direct Delivery to Licensees	No.
Other	Products distilled from Ohio grown fruit (does not include grain) have a 10% state margin applied.

OREGON



Oregon Liquor Control Commission
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Oregon Distillers Guild
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In-State vs Out-State

Bailment	All products are bailment
Margins	All products have the same margin applied
Listing	In-State products are automatically listed up to three products. The distiller can have more than three products when the listed products have sufficient sales.
Delisting	If in-state product doesn't sell sufficiently via agents product status changed to SLO or Distillery Shop only
Initial Distribution	In-state distillers have to promote to agents same as all other products
Separate shelf Location	Depending on the stores, most stores have an Oregon products section
Distillery Store Sales	Consumer sales only. All sales have to be reported to the OLCC and margin paid
Gallonage Threshold	No
Direct Delivery to Licensees	No

PENNSYLVANIA



Pennsylvania Liquor Control Board

Deborah Rivera

Chief Merchandising Officer

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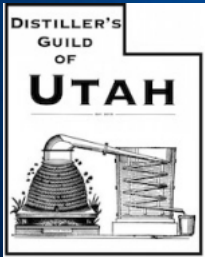
In-State vs Out-State

Licensing	PA makes no distinction between in-state and out-of-state distilleries for licensing purposes, rather limited distillery licenses are granted to those producing up to 100,000 gallons per year (regardless of home state) and distillery licenses are granted to those distilling 100,000 gallons or more per year.
Bailment	A small number of PA producers are in the bailment program, but most do not have sales volume warranting bailment.
Margins	Vary by product as costs and retail prices are negotiated for each item, but PA distillers must offer a minimum 30% margin.
Listing	In-state distilleries may select up to 10 products to place in up to 10 Fine Wine & Good Spirits retail stores of their choosing and for sale online at FWGS.com. Subject to PLCB approval.
Delisting	Each distillery must sell at least one case of spirits per store, per month to continue participating in the in-store program.
Initial Distribution	10 stores of the distillery's choosing
Separate shelf Location	Yes, "Made in Pennsylvania" sections feature select local products, and Pennsylvania products are also merchandised within the appropriate category section.
Distillery Store Sales	Limited distilleries can sell direct to consumers and licensees without sending any margin to the state (other than taxes).
Gallonage Threshold	Limited distilleries may produce up to 100,000 gallons per year
Direct Delivery to Licensees	Yes

UTAH



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Distillers Guild of Utah
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In-State vs Out-State

Bailment	All products treated the same.
Margins	Reduced mark up rates 47% vs 84% for craft brands from a small distillery (distillery must apply for this reduced rate)
Listing	Same for all products
Delisting	Yes, performance based
Initial Distribution	Limited number of stores (distiller can request specific locations)
Separate shelf Location	No, products kept within category. SPA floor stock for one fiscal period
Distillery Store Sales	Yes with type 5 agency license.
Gallonage Threshold	Small distillery must produce less than 30,000 proof gallons in a calendar year
Direct Delivery to Licensees	No

VERMONT



Vermont Dept. Of Liquor Control

Tonia Pryce

Liquor Purchasing Coordinator

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Distilled Spirits Council Of Vermont

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In-State vs Out-State

Bailment	In-State products, with the exception of barrel select and special labels, are purchased by the state, all other products are bailment.
Margins	Same for all products
Listing	Must go through listing procedure but generally all in-state products are accepted (one size only)
Delisting	Same dollar sales value requirements as other products
Initial Distribution	Top 20 agents after approval (same as other products)
Separate shelf Location	Yes
Distillery Store Sales	To consumers only. Requires a manufacturers license <u>and</u> a 4th class license (off premises license only available to VT manufacturers).
Gallonage Threshold	No
Direct Delivery to Licensees	No

VIRGINIA



Virginia Alcoholic Beverage Control Authority
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In-State vs Out-State

Bailment	All products treated the same
Margins	Same for all products
Listing	Same for all products but in-state generally listed (in limited number of stores). No guarantee of listing.
Delisting	Sales and sales/store thresholds by category and price tier. Virginia products will be held to 50% of relevant category/price tier criteria.
Initial Distribution	Limited based on past performance. This is also done with other non-state spirits.
Separate shelf Location	"Virginia Products" section in select stores, but also cross merchandised in category section.
Distillery Store Sales	Yes. Any producer may become a distillery store. The only qualifications to get a distillery store privilege is that you have a distillery license in Virginia and enter into a contract with Virginia ABC to establish a state store at the distillery location.
Gallonage Threshold	No threshold for privileges. License fee based on distillery output size.
Direct Delivery to Licensees	Distillery stores may sell directly to mixed beverage licensees and they may deliver to the licensee. Distillery stores (since they are an agent of Virginia ABC) sell to restaurant licensees at the same price as is found at a traditional ABC store. Virginia ABC pays the distillery store an 8% commission on all sales from their location.

WEST VIRGINIA



West Virginia ABC Administration

Kim Canterbury

Spirits, Wine and Order Entry Manager

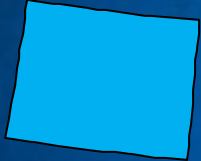
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In-State vs Out-State

Bailment	Yes, distillery may limit product inventory which is considered and taxed as bailment inventory.
Margins	Same for all except Mini Distillers and Micro Distillers (see gallonage threshold).
Listing	Automatically granted.
Delisting	Yes.
Initial Distribution	NA. Private licensed retail liquor outlets.
Separate shelf Location	NA. Private licensed retail liquor outlets.
Distillery Store Sales	Yes, with maximum sales to a consumer of 10 gallons. On Premises licensees cannot purchase from the distillery.
Gallonage Threshold	Micro Distillery - 75% of product must be produced in-state with no more than 10,000 gallons per year. Mini Distillery – 75% of product must be produced in-state (25% of raw product must be produced on-premises) with no more than 50,000 gallons per year. State markup 5% for distillery sales to general public vs 32% for all other retail liquor outlets.
Direct Delivery to Licensees	No. State will work with licensed retail liquor outlets to make product available to on premises licensees.

WYOMING



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Wyoming Distiller Guild
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In-State vs Out-State

Bailment	NA. Wyoming is not a bailment state
Margins	Same for all products: 17.6% markup to the retailer. (W.S. 12-2-303(a))
Listing	All products must present for listing. In many cases SLO activity recommended prior to listing.
Delisting	All products are treated the same and must maintain sales quota to retain listing.
Initial Distribution	Spirits are distributed by the Wyoming Liquor Division. (W.S. 12-301(a))
Separate shelf Location	NA Private retailers
Distillery Store Sales	A distillery can apply for not more than two "satellite" licenses. This allows the distillery to ship product to the state warehouse and then buy back as a retailer/restaurant the to sell to consumers. (W.S. 12-2-203)
Gallonage Threshold	No
Direct Delivery to Licensees	No, except per state law to a distillery satellite on the same premises as the distillery. (W.S. 12-2-203(g)(i))

Thank you.