HOW THE THREE-TIER SYSTEM OF ALCOHOL DISTRIBUTION WORKS

PRODUCERS, IMPORTERS → can only sell to → DISTRIBUTORS → can only sell to → RETAILERS, RESTAURANTS, BARS → can only buy from → CONSUMERS

Tier 1

- U.S. alcohol producers manufacture the world's safest products.
- Manufacturers utilize a distributors delivery network to bring their product to market.
- Work with distributors to build their product's brand in local markets.

Tier 2

- Distributors warehouse and deliver alcohol products to licensed retailers.
- Distributors collect taxes on behalf of the state.
- Distributors use sales data and product expertise to educate retailers about popular products in the local market and build wine and cocktail menus.
- Distributors help prevent counterfeit products from entering the marketplace.
- Distributors provide liquidity to the alcohol industry.

Tier 3

- Retailers are trained in ID verification and committed to keeping alcohol out of the hands of minors.
- Retailers have access to the largest craft market in the world through distributors.
- Retailers can immediately remove a product from the stream of commerce, if needed.
- Retailers sell products trending in the local market based off their distributor's data and analysis.
- Retailers remit state and local sales taxes.

"The transportation or importation into any state, territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited." Twenty-First Amendment to the U.S. Constitution.

BENEFITS OF THE THREE-TIER SYSTEM

The three-tier system has created the **most accessible, competitive, and diverse alcohol marketplace in the world** while maintaining rigorous standards of responsibility and prohibiting underage access.

- **Creates the world's most reliable system of revenue collection with checks and balances in place to ensure the collection of billions of dollars** in federal, state, and local taxes.
- **Prevents counterfeit products through a clear, traceable chain of custody** each step from the grape vine to the retail counter.
- Ensures that **U.S. consumers have access to the world's most diverse selection of beverage alcohol products** by preventing monopolies and limiting large companies from leveraging power.
- Creates a regulatory framework that mandates responsibility and accountability to **prevent underage access.**