



**3570 Route 219
Mount Jewett PA, 16740
Phone (814) 778-1100**

January 26, 2010

Senate Law and Justice Committee Hearing on HB 291

Good Morning Chairman Pippy, Chairman Logan and members of Law and Justice Committee. My name is Paul Mangione and I am a second generation beer wholesaler. My company, Crescent Beer Distributor, Inc. provides for the sales and local marketing for beer, a perishable product, from the time it leaves a brewer or importer until it arrives at a retailer such as your neighborhood bar, restaurant or home distributor for Warren, McKean, Potter, Cameron, Elk, Jefferson & Clearfield counties and provides 25 full time jobs with full benefits.

As referenced above my company is part of what is called the 3 tier system

1. Brewers
2. Wholesalers
3. Licensed Retailers

The 3 tier system is subject to regulatory scrutiny at all tiers. This is particularly important in ensuring that retail licensees do not provide alcohol to minors. Beer wholesalers provide a clear chain of custody in the sale of beer. They source alcohol only from licensed brewers and importers and sell only to licensed retailers. This system helps to ensure that retailers hold the appropriate license, do not sell to those under the legal drinking age, pay state and local taxes and generally comply with local alcohol beverage laws.

Because brewers & wholesalers act in cooperation with the federal & state governments, the 3 tier system guarantees that malt beverage taxes at the state and federal level are reliably and efficiently collected. Selling alcohol outside these normal, orderly channels could result in lost or uncollected tax revenues. Because of the loophole created by not passing HB 291 this means that unregulated shipments of malt beverages & wine are currently being sold in Pennsylvania and those shipments are nearly impossible to collect taxes on. The same regulations that provide accountability in malt beverage sales also ensure Pennsylvania can efficiently collect taxes on malt beverages. Because they retain the ability to monitor the sale of the products from the time the beer leaves the brewery until it arrives at a licensed retail outlet, distributors are often best equipped to collect state taxes. For this reason, Pennsylvania has found it easier to collect taxes from a limited number of federal and state licensed beer distributors than the thousands of retail establishments in the state that sell alcohol products.



Since 1973





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Because a majority of beer wholesalers are family businesses and are either in their second or third generation they have deep roots in their local communities. Beer wholesalers and their employees are leaders in their communities as small business owners, civic activists, parents, community leaders and philanthropists. Beer distributors play a vital role in their communities by sponsoring a vast array of programs that promote responsible consumption. The programs range from providing free taxi rides home for restaurant patrons who do not have a designated driver, to sponsoring alcohol-free after prom events and producing educational materials to help parents talk to their children about illegal underage drinking. Wholesalers also promote alcohol education initiatives that bring guest speakers into local schools and community centers guest speakers who have made mistakes about alcohol, but have lived to retell their story and encourage others not to make the same mistakes.



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