TESTIMONY OF PAUL LEONE, EXECUTIVE DIRECTOR, NEW YORK STATE BREWERS ASSOCIATION TO THE ASSEMBLY STANDING COMMITTEE ON CONSUMER AFFAIRS AND PROTECTION ON CONCESSION PRICING FAIRNESS

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Assembly Consumer Affairs and Protection Committee Chair Rozic and members of that Committee, I thank you for this opportunity to submit testimony for your consideration as you examine concession pricing practices in an effort to promote transparency and fairness. My name is Paul Leone, and I serve as the Executive Director of the New York State Brewers Association (NYSBA).

New York is the second largest craft beer market in the country with approximately 500 breweries. Thanks to the popularity of our world-class beers and breweries, New York is a craft beer hot spot, with breweries serving both as tourist destinations and community anchors. The New York State craft beer industry has the fourth-largest economic impact in the country, coming in at $4.8 billion annually. Craft brewers in our State produce 1,596,285 barrels each year, which ranks 3rd in the country. These numbers do not include AB in Baldwinsville or North American Breweries in Rochester. In addition, New York beer has one of the lowest median prices for a retail case of beer.

That fact alone makes the dissonance between the prices and availability of New York State beer in retail locations versus the prices and availability of the same product at concessions galling. For example, at the recently-opened Highmark Stadium (home to the Buffalo Bills), the cost of a 16-ounce canned beer ranges between $15-18. The vast majority of those beer options are not New York State made beer, but rather those created in other states or large, national

brands. This is a pattern we see repeated throughout New York at publicly-owned concessions, including at Albany's MVP Arena, at the Egg Performing Arts Center, and even at the State Fair.

This pattern of featuring large, national brands and selling them at a premium is so commonplace that New Yorkers appear numb to the lack of choices presented at venues. But the root cause behind these high prices and lack of choices is simple: distribution contracts and sponsorships.

Arenas and other public venues often contract with one concessionaire, which is then responsible for filling the tap lines and bringing in cans of beer to be sold. New York law prohibits manufacturers and wholesalers from giving something of value to a retailer to induce the retailer into purchasing that manufacturer's or wholesaler's product. For example, it would be illegal for a wholesaler to offer a restaurant $5,000 to carry a specific beer. Further, federal law (The Federal Alcohol Administration Act, 27 U.S.C. Ch. 8) prohibits a supplier or wholesaler of alcoholic beverages from inducing a retailer to purchase a particular product to the exclusion of competitive products.

However, it is not illegal for a third-party stadium entity, such as a concessionaire, to feature products at arenas based on sponsorship levels. Concessionaires will ask a manufacturer in its contracted wholesaler's portfolio for a sponsorship request. Frequently, these sponsorship requests are tens of thousands of dollars. If that manufacturer does not, or cannot pay, that sponsorship request, that manufacturer will not be served at that venue. Further, if the manufacturer does pay the sponsorship but not a feature sponsorship, their beers are often located on the bottom of shelves or allocated only one draft line in the entire arena. Often, the only brands featured at arenas are those that can afford to pay that level of sponsorship are large, national brands. Small craft breweries cannot afford to pay thousands of dollars in sponsorships,

no matter the popularity of their beers. As a result, consumer choice is limited, decreasing competition and thus increasing the cost of beer for sale at these venues.

One way to solve this issue is for the State to establish parameters around the use of sponsorships and alcohol sales at arenas and other public venues. First, the State could prohibit sponsorship agreements from being used to determine what alcohol is available at an arena or stadium, and remove preferential treatment for those manufacturers engaging in sponsorship agreements. This would not prohibit manufacturers from engaging in sponsorship agreements but would prohibit sponsorship agreements from being considered when determining what beers may be on tap.

Secondly, the Legislature should pass A9675/S1158-B (Assemblymember Cashman, Senator Cooney), which would require events held by the State including an alcohol procurement to include alcoholic beverages made within the State to be included at such event. New York should be showcasing the excellent products made within the State. This bill would help do so, while increasing competition, thus helping to lower prices.

New York State breweries make a significant impact on the State economy, and consumers want to drink New York's excellent craft beer. However, it is increasingly difficult and expensive to do so at arenas and concessions throughout the State. I am hopeful that you will consider our suggestions about how we can increase competition, level the playing field, and lower costs for consumers looking for beer at concessions.