



## **THE THREE-TIER SYSTEM - REGULATION AS A MEANS OF ASSURING RESPONSIBLE COMMERCE AND ECONOMIC SUCCESS**

### **What is the Three-Tier System?**

Following the repeal of Prohibition, Congress enacted the Federal Alcohol Administration Act (FAA Act) and states adopted various laws creating a “Three-Tier System” for the production, distribution and sale of alcohol. ABL is committed to preserving the integrity of the state-based alcohol control system that has evolved under the 21st Amendment and which is threatened by deregulation.

### **The Three-Tier System Is Efficient And Effective.**

The Three-Tier System provides an economical mechanism for the orderly marketing, taxation and sale of alcohol beverages. Billions of dollars of applicable state and local excise taxes have been collected under the Three-Tier System over the past seventy years.

### **The Three-Tier System Promotes Responsibility.**

ABL is dedicated to the responsible sale and service of alcohol beverages to adult customers. The best way to prevent underage sales is through face-to-face transactions. Controlled access of alcohol beverages prevents minors from obtaining alcohol and the Three-Tier System strengthens the alcohol beverage industry’s ability to responsibly provide its products.

### **Dismantling the Three-Tier System Will Hurt Everyone In the Long Run.**

In 2005, the Supreme Court confirmed the right of states to regulate the sale and distribution of adult beverages within their borders. While this ruling validated the Three-Tier System of producers, wholesalers and retailers, it also forced states to be consistent in their regulation of in-state and out-of-state adult beverage interests.

***Congress should continue to support legislation that  
strengthens and supports the 21st Amendment and state and  
federal laws regarding alcohol sales.***