



04/30/21

To the Members of the Senate Law & Justice Committee and the
House of Representatives Liquor Control Committee:

My name is John DiMario III, and I am the President of Allegheny Beverage Company of Erie, PA.

It is my intention to provide my testimony regarding RTD beverages on behalf of the Pennsylvania Beer Alliance. Our network believes that it is capable of distributing these beverages in the most effective, efficient, and seamless way through the three-tier system.

I would like to share my insight and personal experience of distributing RTD beverages in a different state and explain why I believe it would be most sensible and plausible in Pennsylvania. I currently serve as President of Allegheny Beverage Company, headquartered in Erie. We employ more than 80 full-time employees and service 13 counties in northwestern Pennsylvania. Prior to my current role, I worked in the state of Ohio for both a national brewery and a beer wholesaler. Most recently, I was the Vice President of Sales at Bonbright Distributors in Dayton, Ohio.

Wholesalers in the state of Ohio have distributed RTD beverages for many years and have the ability to do so if the product is lower than 21% ABV. These products are delivered on the same trucks and billed on the same invoices as beer. The franchise agreements and contracts that I have encountered were identical to those established by our beer partners. There is always an opportunity to terminate the agreement with just cause. This is significant to the wholesaler because they invest their own funding to establish and grow the supplier's brands in the marketplace. In fact, many times these contracts will

have an agreed upon market investment. After three years in Pennsylvania, I have the upmost confidence that beer wholesalers in this state can operate in this same fashion.

Furthermore, I find it important to note that many of our suppliers have specified that they are investing in products beyond beer. MolsonCoors recently made the distinction that they are no longer a “beer company”, but now a “beverage company.” RTD beverages have been a priority to these companies, and they have been launching RTD products throughout the country in their beer networks. The result has been seamless and successful. However, many of these brewers do not offer their RTD beverages in the state of Pennsylvania because their networks have not had the ability to distribute them. A few examples are MolsonCoors’ Proof Point, DogfishHead cocktails, and Southern Tier cocktails. If our current suppliers are producing these products, it would be ideal for our network to distribute the products.

As stated previously, I am confident that the beer wholesalers of Pennsylvania would be the best possible option for distribution of RTD beverages through our three-tier system. I would be happy to answer any further questions regarding this matter. Thank you for your time and consideration.