March 23, 1981

brewery in the state, we address this problem then in Omaha. The amended language of the bill states on page 10, and I believe that yesterday we handed out copies of this request, in Section 1, subsection 34, that private label shall mean a label exclusively manufactured for a retailer or a group of retailers. Most important is Section 2, item...or subsection 5, which states that it shall not be a violation of subsections 1, 2 and 3 of this section for any manufacturer, distributor or wholesaler to sell alcoholic liquors in containers with generic or private label. Basically, the problem is this. In 1979 Falstaff decided to distribute private label beer. When it informed the State Liquor Control Commission that it intended to distribute private label beer to two distributors, Hinky Dinky and Safeway, there was no objection that was raised at that time. Later the Assistant Attorney General filed charges against Falstaff for distributing private label beer to Safeway and Hinky Dinky stores, under the assumption that Falstaff had given something of value specifically to these distributors. The purpose of the original statutes that have applied to this subject was to outlaw rebates and discounts and free goods to retailers as a form of inducement to buy a certain line of merchandise. It is my feeling and the other cointroducers of this bill that Falstaff is not necessarily in violation of it... of the intent of the original language of the statute. It should be remembered by this body that, number one, hard liquors have been marketed under special labels in Nebraska without any prosecution, and, two, that private label beer sales are allowed in many other states, including Iowa, which have similar laws as Nebraska. Т would like to point out that Falstaff was the first major brewing company to establish a branch in our state. The brewery occupies part of the same building which was the site of the state's first brewery built in 1859 and it began leasing the buildings of this brewery in 1935. What appears to be at stake, and this bill I feel addresses it is the future of Nebraska's remaining brewery, the jobs of over 170 employees and the potential loss of thousands of dollars in corporate taxes and sales tax revenue. I would urge this body to support the introduction of this bill at this time.

SPEAKER MARVEL: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I am going to have to take a departure from my usual method of speaking and I will have to say, brothers and sisters, we are gathered here today to consider whether or not we are going to carve out in

2131