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The Texas Three-Tier Regulatory System

The three-tier regulatory system governs how alcohol is manufactured, distributed, and sold in the state of Texas. While this regulatory structure has been in place for many years it continues to evolve to keep up with the state's changing marketplace. The Texas market is separated into three distinct tiers:

Manufacturers/Suppliers- Large national brewers and regional and local craft brewers that brew the beer and malt beverage products we all know and love

Distributors- Local and regional independent businesses that receive, warehouse, and distribute to retailers across designated/assigned territories which are set by the manufacturers

Retailers- Grocery/Convenience stores, Bars, Restaurants, and Liquor/Package stores across the state.

This system ensures a marketplace that provides for safety, consumer choice, and prompt and secure tax collection for the state.

Safety- Suppliers and distributors are responsible for product quality. This system allows the TABC to track, monitor and ensure product safety. All distributor warehoused product is identified and tracked. In the event of a recall or other emergency, specific products can be located and removed from the market expeditiously.

Choice- This system is designed to provide legal drinking age consumers with access to a variety of safe products across the retail channels. Providing and maintaining an independent distribution tier allows for more access to markets for all manufactures regardless of size. This independence ensures that consumers can more easily find the variety of products they want and the ability to discover new ones.

Tax Collection- Distributors are the initial tax collection point for all beer and malt beverage products. As product enters the market, taxes are collected and remitted to the state in a timely manner. This ensures that these state tax revenues that are vital to the State of Texas are expeditiously collected and remitted.

Because of the Three-Tier System in Texas, the beer and craft beer market has grown at a time when national beer numbers have continued to shrink. This growth is only one of the benefits of our regulatory market which ensures a variety of safe, fresh, and available products for our Texas consumers. Additionally, state-based alcohol regulations allow for timely tax collection and help keep these products out of the hands of our children and those under 21 years of age.