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FOR IMMEDIATE RELEASE

WINE INSTITUTE MAKES A STRONG CASE TO REJECT H.R. 5034

WASHINGTON, D.C. – Testifying on behalf of Wine Institute before the House Judiciary Committee hearing on H.R. 5034 today, constitutional and regulatory law expert, Tracy Genesen, partner in the firm of Kirkland & Ellis LLP, made a strong case for Congress to reject H.R. 5034, the wholesalers’ monopoly protection bill, as unnecessary special-interest legislation intended to protect wholesalers at the expense of consumers, retailers, importers and the nation’s 7,000 wineries.

“H.R. 5034 is not about protecting the overwhelming majority of state alcohol regulations,” noted Genesen in her testimony. “H.R. 5034 is about protecting wholesalers from competition. It is nothing less than a power grab designed to protect their market share. The bill sweeps away existing Commerce Clause standards that protect the American union from states discriminating against businesses from other states.”

Genesen addressed wholesaler claims that this legislation is needed to shore up state laws, noting that states enforce nearly 4,000 alcohol laws which give them broad powers to protect public safety, impose taxes and otherwise limit availability, even to the point of taking direct control of distribution through state-run stores. She said that 37 states and the District of Columbia have struck the appropriate balance between robust regulation and consumer market access, adopting the Model Direct Shipment Bill which was approved by the National Conference of State Legislatures’ Task Force on the Wine Industry in 1997.

“It is only discriminatory and anti-competitive alcohol regulation that is at issue,” said Genesen, noting that the Federal Trade Commission concluded in both 2003 and 2010 that discriminatory state alcohol regulation detracts from consumer welfare with no benefit.

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Responding to wholesaler claims about an onslaught of litigation following the Supreme Court decision in *Granholm* in 2005, Genesen stated that there were about two dozen cases, some filed by wholesalers and some unrelated to the Commerce Clause challenges that H.R. 5034 purports to address. According to Genesen, 32 of the 50 states saw no new litigation in the wake of *Granholm* and only three court cases are pending today. “If anything,” she added, “H.R. 5034 is the true harbinger of new waves of litigation.”

“H.R. 5034 is a drastic solution to a problem that does not exist,” said Genesen in concluding her testimony. “This committee should decisively reject it.”

Robert P. Koch, President and CEO of Wine Institute, applauded Genesen’s appearance before the Committee and thanked Chairman Conyers for inviting Wine Institute to testify. “Once again, the wholesalers failed to make their case and it is becoming well understood on Capitol Hill that this legislation serves to protect the economic interests of the wholesalers,” said Koch.

Wine Institute is the public policy association of 1,000 California wineries and affiliated businesses that has joined producers and importers of wine, beer and distilled spirits sold in the U.S. and a growing list of business, consumer and policy groups in opposing H.R. 5034, including the Antitrust Section of the American Bar Association, the Progressive Policy Institute, the Competitive Enterprise Institute, FreedomWorks Foundation and the American Farm Bureau.

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Please visit:

[http://www.wineinstitute.org/files/Genesen%20Wine%20Institute%20Statement%20\(Final%20Version\).pdf](http://www.wineinstitute.org/files/Genesen%20Wine%20Institute%20Statement%20(Final%20Version).pdf) for a copy of Tracy Genesen’s written testimony on behalf of Wine Institute.