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OPPOSITION TO AB 437 BEFORE THE NEVADA STATE  
LEGISLATURE APRIL 1, 2003

My name is Bruce J. Guttman, and I am an attorney for Chateau Vegas Wines, a small Nevada importer of fines wines and champagne located in Las Vegas.

We opposed the passage of this bill for the following reasons:

AB437, if passed, will be an economic disaster for state importers & wholesalers of wine. It will also have a substantial negative impact on consumers. The passage of this bill will enable the largest U.S. importer, and wholesaler, Southern Wine & Spirits to virtually control the Nevada State wholesale and retail market without competition from the numerous other state importers.

Prior to the amendment of NRS369 in 1999 a Nevada State importer of a foreign made wine had to obtain authority from the "supplier" which was defined under NRS369.111 as the person or entity who first owned the product upon its importation into the United States, or in other words, the U.S. Importer. This was required before the Nevada importer was allowed to import the product and distribute it through its own or other wholesale markets. This continued relationship between the "supplier" and the state importer provided quality control of the product while at the same time offered the retailer and the consumer a product at a competitive price.

The 1999 amendment (369.486) allowed a foreign bottler of a product, wine or champagne to specifically designate a state importer to import their product. Under this 1999 amendment only that designated state importer could import the product into the State of Nevada.

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ASSEMBLY COMMITTEE ON TAXATION  
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SUBMITTED BY: BRUCE GUTTMAN

AB437 broadens the scope of this restrictive measure by redefining the term "supplier" under 369.111 to include the foreign bottler or his designated agent. Under AB437 a wholesaler may only purchase from a State importer who has been designated by the "supplier" meaning the foreign bottler or its designated agent, whether that agent be in the State of Nevada, the United States, or in another country for that matter.

The effect of this proposed bill would be to virtually assure the largest U.S. importer and distributor, Southern Wine & Spirits the dominance over the largest state importer & distributor, Deluca and the other smaller state importers & distributors of foreign produced wines. This dominance will result in an artificial inflation of pricing against the interest of the retailer and consumer.

A passage of AB437 would enable Southern Wine and Spirits to set its own price controls over interstate sales of wine coming into Nevada, and the consumer would suffer from lack of competition. Moreover, Southern Wine and Spirits, with control over Nevada sales, would be able to expand its practice of requiring retailers to purchase products it does not need in order to be able to purchase the products it needs for its inventory.

There are many in the retail industry whom are afraid of openly contesting this bill for fear that their primary supplier, Southern Wine & Spirits, will restrict their purchase of needed inventory.

This bill has a pernicious effect on the American tradition of free enterprise in the highly competitive market of wine distribution within the State of Nevada. Moreover, there is a total lack of any redeeming value in its enactment, except for the fact that it will restrain trade and create a monopoly in favor of the largest importer and distributor in the United States, Southern Wine & Spirits.

Therefore, if this bill is passed it will cause substantial economic harm to other state importers, distributors, retailers and ultimately the consumers of this State. Therefore, I urge you to consider the interest of these people, your constituents and reject passage of this bill.

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