Nebraska Liquor Control Commission

Contract Brewing – Written Public Comments

October 19, 2026

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Summary of Written Comments on Contract Brewing

The written comments, including supplemental submissions received through October 30, 2026, support the availability of contract brewing while presenting differing interpretations of Nebraska's requirements for transfers, distribution, reporting, and taxes. The Associated Beverage Distributors of Nebraska (ABDN) states that it does not oppose contract brewing itself; its concerns address what breweries may do with the beer after production.

Business and economic considerations. Brewery commenters describe contract brewing as a way to meet demand, use excess capacity, obtain packaging capabilities, maintain operations, and grow without substantial capital investment. They emphasize preserving Nebraska jobs, manufacturing, tax revenue, and sales through wholesalers. Some describe existing or previous arrangements; others support retaining the option despite not currently using it. Boiler Brewing supports the practice even though it competes with breweries that use it. Second Chapter Brewing identifies potential benefits for meeting demand within its limited production capacity.

Transfers and distribution. ABDN's submissions from Adam Barney and Brandt Erwin argue that producing breweries must use authorized wholesale or available self-distribution channels. They maintain that contracting breweries may not resell contract-brewed beer to wholesalers or self-distribute it to retailers. DOT Provisions and the Brewers Association/Nebraska Craft Brewers Guild dispute treating every brewery-to-brewery movement as a retail purchase or wholesale transaction. They request distinctions among manufacturing-purpose transfers, movements between locations under one license, and subsequent sales.

Records and taxes. Commenters support licensing compliance, accurate production and inventory records, traceable transfers, and payment of applicable taxes. ABDN identifies potential federal tax disadvantages associated with certain transfers in bond. DOT Provisions and the Association/Guild argue that those consequences do not establish a Nebraska wholesale requirement and should be considered alongside distribution costs.

Commission guidance. Commenters request clarity regarding permitted arrangements, ownership, reporting, tax responsibility, and subsequent sales. The Association/Guild urges rulemaking and consideration of reliance on earlier guidance. DOT Provisions requests Attorney General guidance if necessary. ABDN seeks enforcement of existing statutory restrictions. The June 2022 correspondence provides historical context concerning differing reporting and tax instructions.

This summary reflects the commenters' positions, not findings or legal conclusions of the Commission.

From: Salgado, Briana
To: Chaffee, Micah; Watson, Mark; Penterman, Josh; Mortensen, Amanda; Cochran, Brianna
Subject: Fw: Invitation to Provide Public Comment on Contract Brewing
Date: Tuesday, October 13, 2026 2:55:06 PM

See below for email to licensees about the Public Meeting on the 19th.

Best,

Briana Salgado
The Nebraska Liquor Control Commission
Office: (402) 471-2571
Direct Line: (402) 471-2812
301 Centennial Mall South
Lincoln, NE 68509-5046
Website / Instagram / X / Facebook

From: lcc.noreply@nebraska.gov <lcc.noreply@nebraska.gov>
Sent: Tuesday, October 13, 2026 2:53 PM
To: Salgado, Briana <Briana.Salgado@nebraska.gov>
Subject: Invitation to Provide Public Comment on Contract Brewing

To All Interested Parties:

The Nebraska Liquor Control Commission invites all interested parties to provide information and comments regarding contract brewing at its public meeting on **Monday, October 19, 2026, beginning at 10:00 a.m.**

The meeting will be held in the **First Floor Hearing Room of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska**.

Participants may speak in person or through Zoom:
https://us02web.zoom.us/j/87236575114?pwd=u7aBxQXv66IXeywgl7QHcxyheypIsC.1
Meeting ID: 872 3657 5114

This public forum provides an opportunity to share information to the Commission about contract brewing. Comments may include, but are not limited to, how these arrangements operate, their benefits and challenges, questions about their legality under Nebraska law, and issues concerning licensing, production, transfers, distribution, and taxes.

Each speaker will have three minutes to provide comments. Commissioners may ask follow-up questions at their discretion. When speaking, please state your name and identify any business or organization you represent.

Written comments may also be emailed to **LCC.frontdesk@nebraska.gov** with the subject line **"ATTN: Contract Brewing Public Comments - October 19, 2026."** Please include your name, any business or organization you represent, and contact information.

Link to Public Meeting
Agenda: https://lcc.nebraska.gov/sites/default/files/doc/Public%20Meeting%20Agenda%20-%20October%2019%202026.pdf

We welcome your participation and appreciate the information you can provide to the Commission.

Sincerely,

The Nebraska Liquor Control Commission
(This is an automated message. Please do not reply)

From: Adam Barney
To: Mortensen, Amanda
Cc: LCC Front Desk
Subject: ABDN Position Letter regarding Contract Brewing
Date: Monday, October 19, 2026 2:21:17 PM
Attachments: Summary of Law on Contract Brewing.pdf

Amanda,

Per your request, attached is an electronic copy of the letter/memorandum I submitted this morning.

Please let me know if you have any trouble accessing the attachment or if you have any questions.

Adam

VOEGELE ANSON LAW

October 19, 2026

Via Hand-Delivery to the Commissioners of the Nebraska Liquor Control Commission

Re: Contract Brewing in Nebraska

Commissioners,

The Commission has noticed a public meeting to discuss "contract brewing." The Associated Beverage Distributors of Nebraska ("ABDN") understands this to mean that the Commission is seeking industry feedback on whether and how contract brewing is addressed by the Nebraska Liquor Control Act.[1] ABDN has retained our firm to present its position on the legal status of contract brewing in Nebraska.

To be clear, ABDN does not contend, and has never contended, that contract brewing is prohibited in Nebraska. Craft breweries, including craft breweries with retail licenses, are permitted to contract for one to produce the product on behalf of another, and ABDN is prepared to support craft brewers in those endeavors. The apparent issues that have led the industry to this meeting result, instead, from confusion and uncertainty as to what brewers engaged in contract brewing may do with the beer after it has been produced.

DISCUSSION

1. Contract brewing is an ordinary business arrangement.

Under contract brewing agreements, one brewer (the producing brewer) agrees to brew beer on behalf of another brewer (the contracting brewer). The TTB has described contract brewing as follows:

> A contract brewing arrangement is a business relationship in which one person, such as a wholesale or retail dealer or a brewer, pays a brewing company, the "contract brewer," to produce beer for him or her. The contract brewer is entirely responsible for producing the beer, keeping appropriate brewery records, labeling the beer with its name and address, obtaining necessary certificates of label approval (COLAs), and paying tax at the appropriate rate upon removal of the beer

[1] ABDN does not understand the public meeting to constitute a contested case or petition for declaratory relief as those proceedings are defined and delineated in the Commission's regulations.

> from the brewery. The contract brewer retains title to the beer at least until the beer is taxpaid or removed from the brewery. TTB considers contract brewing arrangements to be ordinary commercial arrangements.

Dep't of Treasury, TTB Industry Circular 05-02 (available at https://www.ttb.gov/public-information/industry-circulars/archives/2005/05-02).

2. Nebraska permits manufacturers, including craft breweries, to engage in contract brewing.

Nebraska permits manufacturers, including craft brewers, to engage in contract brewing. To the extent craft breweries (without retail licenses) desire to contract between themselves to produce beer, there are no apparent or known issues that would foreclose such a relationship.

Craft brewers with retail privileges are entitled to a more limited form of contract brewing. Those limitations exist because Nebraska law generally forbids manufacturers and "any person having a retail license" from exchanging things of value. *See* Neb. Rev. Stat. § 53-168. Contract brewing, by its very nature, involves the exchange of things of value. Specifically, if the contracting brewer gives the producing brewer permission to use their trademarks to facilitate producing product on their behalf, this is an exchange of value.

There is an exception, however. In Nebraska, manufacturers may sell, and retailers may purchase, with exclusivity, alcoholic liquor bearing a private label. *See* Neb. Rev. Stat. § 53-168(4)-(5). In other words, Nebraska law permits contract brewing relationships by allowing retailers (including craft breweries with retail rights) to pay for exclusive alcoholic products bearing the retailer's own trademarks without violating the "thing of value" restrictions in the Act.[2]

3. Transportation of alcoholic liquor between licensees is restricted by the Act.

As noted above, ABDN believes that any confusion or uncertainty relates to what may be done after the beer has been produced. It is in the best interests of all industry members if these matters are clarified by the Commission. That clarification comes from a careful examination of the Liquor Control Act.

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[2] That being said, if a contracting brewer with retail privileges is providing anything else of value to the entity producing the beer, such services or items would run afoul of Section 53-168. The private label exemption is not a get-out-of-jail-free-card for other impermissible exchanges of value. As such, the Commission must closely monitor how each contract brewing relationship is structured.

As Commissioner Elworth recently recognized, the baseline rule in Nebraska is that "No person shall manufacture, bottle, blend, *sell*, barter, *transport*, *deliver*, furnish, or possess any alcoholic liquor for beverage purposes except as specifically provided in the Nebraska Liquor Control Act." Neb. Rev. Stat. § 53-168.06 (emphasis added). Further, "No manufacturer or wholesaler shall sell or deliver any package containing alcoholic liquor manufactured or distributed by such manufacturer or wholesaler for resale unless the person to whom such package is sold or delivered is authorized to receive such package in accordance with the Nebraska Liquor Control Act." Neb. Rev. Stat. § 53-176. Finally, "No licensed retailer of alcoholic liquor shall purchase such liquor other than from a licensed wholesaler who has his or her place of business within this state." Neb. Rev. Stat. § 53-175.

As it relates to contract brewing, therefore, the questions are (1) Whether the producing brewer is allowed to sell beer it produces to the contracting brewer, and in what manner; and (2) Upon acquisition of the product, what can the contracting brewer do with the product.

a. A producing brewer must either use a wholesaler or, if available, its self-distribution rights, to sell and deliver the product to the contracting brewer.

The Act specifically identifies the transfers permitted by manufacturers and craft breweries. Manufacturers are permitted to sell alcoholic liquor to wholesale licensees in Nebraska. Neb. Rev. Stat. § 53-123.01. Craft brewers may similarly sell to beer wholesalers for sale and distribution to licensed retailers. Neb. Rev. Stat. § 53-123.14(1). Craft brewers are also allowed to directly sell up to two hundred fifty barrels to retail licensees located in Nebraska which hold the appropriate retail license. Neb. Rev. Stat. § 53-123.14(2)(a). *These are the only rights of transfer granted to manufacturers/craft brewers in Nebraska, for transfers within Nebraska.*

As such, if a producing brewer desires to sell the beer it produced directly to the contracting brewer, it must do so using its self-distribution rights in Section 53-123.14(2), account for that self-distribution to the Commission, and the amount sold would count towards the producing brewer's statutory limit. However, it must be noted that self-distribution is not always available.

Both the Act and the Commission recognize the value that wholesalers bring to the three-tier system. These include, but certainly are not limited to, regulatory compliance, traceability, and tax collection, When craft brewers were granted the limited privilege to operate outside of the three-tier system and self-deliver products (for the purpose of gaining market penetration when no distributor was available), the legislature determined that craft brewers may only self-distribute in territories in which the craft brewery has not entered into a distribution agreement. *See* Neb. Rev. Stat. § 53-123.14(2)(a)(i).

As applied, and stated simply, if the contracting brewer is in a territory for which a distribution agreement exists and applies, the producing brewer may only deliver the beer using its licensed wholesaler. This provides the Commission with the ability to effectively monitor and track transfers of contract brews. If there is no applicable distribution agreement, the producing brewer may deliver the beer directly to the contracting brewer in accordance with, and under the conditions of, the self-distribution provisions of Section 53-123.14(2). No other transfers are permitted.

b. Upon acquisition of the product, the contracting brewer may not self-distribute or resell the product to a wholesaler.

Equally important is what the contracting brewer may do with the beer upon receipt. The contracting brewer, if it has the appropriate retail license, may sell the beer to consumers for either off or on-premise consumption. *See* Neb. Rev. Stat. § 53-123.14. The transaction operates no differently than any other retailer that enters into a private label agreement with a brewer.

However, the contracting brewer may not resell the beer to a wholesaler. The Act makes clear that "except as provided in subsection (2) of section 53-123.14, the Nebraska Liquor Control Act shall not be construed to permit the holder of a craft brewery license . . . to engage in the wholesale distribution of beer." Neb. Rev. Stat. § 53-169(2); *see also* Neb. Rev. Stat. § 53-171. Purchasing product (from the producing brewer) for purposes of reselling that product (to a licensed wholesaler) is clearly engagement in the wholesale distribution of beer.[3]

Nor can the contracting brewer self-distribute the beer under subsection (2) of section 53-123.14. That is because Nebraska law only permits craft breweries to self-distribute product "produced at its licensed premises." Neb. Rev. Stat. § 53-123.14(2)(b). Beer produced under a contract brewing arrangement is not produced on the contracting brewer's licensed premises.

The TTB agrees. In 2005, the TTB issued an industry circular describing the differences between alternating brewery proprietorships and contract brewing arrangements. *See* Dep't of Treasury, TTB Industry Circular 05-02 (available at https://www.ttb.gov/public-information/industry-circulars/archives/2005/05-02). In that circular, the TTB stated that any person receiving beer under a contract brewing relationship that seeks to resell that beer to a dealer[4], as opposed to a consumer, must hold a federal basic permit as a wholesaler. *Id.* ("If this person on whose behalf the beer is brewed under contract resells the beer to a dealer, then that

[3] This conclusion leads to the question previously raised by ABDN, which is: if a craft brewer is violating the Act by wholesaling beer that was contract brewed, whether wholesalers are similarly in violation of the Act if they purchase product that was improperly sold by the craft brewer. *Cf.* Neb. Rev. Stat. § 53-192.01 ("A holder of an alcoholic liquor wholesale license shall purchase and import all alcoholic liquor from . . . the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product, or the manufacturer's or owner's agent . . . .").

[4] A dealer is "A person who sells, or offers for sale, any alcohol product . . . fit for beverage use." 27 C.F.R. § 25.111.

person must hold a basic permit as a wholesaler under the Federal Alcohol Administration Act, and must comply with all applicable special tax requirements."). Stated otherwise, the TTB properly recognizes that brewers that purchase beer from another brewer and thereafter sell that beer to an industry member are engaging in wholesaling, which, as noted above, is prohibited in Nebraska.

4. **Beer may not be transported from one brewer to another brewer under "bond-to-bond transfers."**

In the past, craft brewers have insisted that transfers between breweries may be made under TTB Procedure Number 2023-1 (available at https://www.ttb.gov/laws-regulations-and-public-guidance/procedures/ttb-guidance-procedures-2023-1). In that document, the TTB provided "guidance regarding the transfer of beer, without the payment of tax, from one brewery to another brewery." This guidance was about the payment of federal excise taxes, and nothing more.

Background on the federal tax statutes on beer provides important context. The federal government imposes a tax on beer produced or imported into the United States. *See* 26 U.S.C. § 5051. For beer produced domestically, that tax is generally imposed when beer is "removed for consumption or sale." *Id.* Relatively recently, the federal government permitted brewers to withhold payment of taxes when beer was transferred from one brewery to another brewery. *See* 26 U.S.C. § 5414. This recent change in the law is the "bond-to-bond transfer" that craft brewers have contended allow them to transport beer between their facilities.

These federal tax laws do not, and cannot, control the method or ability to transport beer in Nebraska. "The Twenty-first Amendment grants the States virtually complete control over whether to permit importation or sale of liquor and how to structure the liquor distribution system." *Cal. Retail Liquor Dealers Ass'n v. Midcal Aluminum*, 445 U.S. 97, 110 (1980). As such, under the Twenty-first Amendment, the federal government—through tax regulation or otherwise—may not mandate how Nebraska regulates the transfer of beer. The fact that federal law provides that federal taxes do not need to be paid if a "bond-to-bond transfer" occurs does not mean that states must allow those transfers to occur in the first instance, or that said transfers must occur in any particular manner. Indeed, in the only known decision addressing this issue, the Western District of Michigan rejected arguments that the Michigan liquor laws were preempted by TTB regulations on transfers in bond. *See Greenbush Brewing Co. v. Mich. Liquor Control Comm'n*, 425 F. Supp. 3d 897 (W.D. Mich. 2019).

It is up to Nebraska, under the Twenty-first Amendment, to determine whether it is going to permit transfers from one brewery to another and, if so, how it is going to structure that transfer. Under its authority, Nebraska has, for the most part, stood by the three-tier system and required transfers to go through wholesalers, with limited exception for self-distribution.

Furthermore, policy considerations weigh against allowing these types of transfers between breweries. Wholesalers provide a safe and secure method for transportation. Wholesalers also provide a check and balance for the Commission on production amounts to ensure all tax is being paid and collected. Both the producer and the wholesaler must submit reports on the products transferred, easing the administrative burden on the Commission.

Additionally, such transfers would come at a detrimental cost to craft breweries. As small producers, Nebraska craft breweries are generally given a reduced federal excise tax rate of $3.50 per barrel. However, in pure contract brewing arrangements, where the contracting brewer is not involved in the production of the product, TTB guidance makes clear that the contracting brewer does not qualify for the reduced tax rate. *See* TTB Procedure 2023-1 (available at https://www.ttb.gov/laws-regulations-and-public-guidance/procedures/ttb-guidance-procedures-2023-1). Instead, "the applicable tax rate upon removal for consumption or sale would be $18 per barrel." *Id.*

This increased tax rate has stark financial implications, which ABDN believes would serve lasting harm on contracting breweries. Use Brickway, for example. In 2025, Brickway produced 1,419 barrels of beer, which amounted to $4,966.50 in federal excise taxes for 2025. If Brickway maintained the same level of production by and through a contract brewing relationship, and the beer was transferred "in bond" to Brickway and thereafter removed for consumption of sale, Brickway's annual federal excise tax rate would be $25,542. Leaving aside the potential downstream economic effects such a tax bill might have on Brickway's business, if Brickway was allowed to, and elected to engage in, "bond-to-bond transfers" of beer produced under contract, Brickway would be buying itself an additional $20,000 in tax liability. This amounts to a 500% increase over the federal excise taxes that would be due if the producing brewer simply followed Nebraska law and either self-distributed the product or used a licensed wholesaler.

Finally, Nebraska's own tax provisions reveal that "bond-to-bond transfers" are not contemplated by the Act, and implementation of "bond-to-bond transfers" would result in increased Commission cost. Under current law, craft breweries are required to submit a report to the Commission of all beer "produced for sale by the craft brewery" in the month following when "the beer was released from bond for sale." Neb. Rev. Stat. § 53-164.01(1)(d). Tax is due on the date the report is due. *See* Neb. Rev. Stat. § 53-164.01(3).

It is unclear how any craft brewer could reasonably comply with this provision under the auspices of a "bond-to-bond transfer" following a contract brew. From all appearances, the producing brewer would be liable for the Nebraska excise taxes, as the tax only applies to beer "produced for sale by the craft brewery." However, the producing brewer would have no control over, and might lack knowledge of, when the product is "released from bond for sale."

Moreover, assuming that the producing brewer pays the tax only upon release from bond by the contracting brewer, such a situation is likely to result in additional violations of the Act. Section 53-169 provides that no manufacturer shall "be interested in the ownership, conduct, or operation of the business of any licensee authorized to sell alcoholic liquor at retail." Here, a producing brewer's tax liability would be dictated by the actions of the contracting brewer. In other words, the producing brewer has a financial interest in when or whether the contracting brewer (with a retail license) releases beer from bond for sale, which is a violation of Section 53-169. Sections 53-164.01(d) and 53-169 cannot be harmonized under a theory of contract brewing that permits "bond-to-bond transfers."

Conclusion

If a Nebraska craft brewer decides that ceding control of the production of their beer to another producer is in their best interests, they may enter into a "contract brewing" relationship. However, such a decision comes with restrictions, as does almost everything in the manufacture, distribution, and sale of alcoholic liquor in this state.

ABDN respectfully requests that the Commission enforce the Liquor Control Act and require that Nebraska craft brewers that elect to engage in contract brewing abide by the provisions of the Act governing transfers of product.

Respectfully submitted,

/s/ Adam W. Barney

Adam W. Barney

From:	Ahwazi, Dina on behalf of LCC Front Desk
To:	Mortensen, Amanda; Watson, Mark; Chaffee, Micah
Subject:	FW: ATTN: Contract Brewing Public Comments - October 19, 2026
Date:	Friday, October 16, 2026 12:30:36 PM
Attachments:	2026-10-19 Brewers Association - Nebraska Liquor Control Commission Letter.pdf

From: Alex Rich <alex@brewersassociation.org>
Sent: Friday, October 16, 2026 11:02 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Cc: NE Guild Director <director@nebraska.beer>; Marc Sorini <msorini@brewersassociation.org>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026

> You don't often get email from alex@brewersassociation.org. Learn why this is important

Dear Executive Director Chaffee and Members of the Nebraska Liquor Control Commission,

Please see the attached testimony on behalf of the Brewers Association in support of allowing appropriately licensed breweries to continue the practice of contract brewing in Nebraska. I look forward to working with the Commission on issues affecting Nebraska's craft brewing community.

Thank you for your consideration. Please let me know if I can provide any additional information.

Best,
Alex Rich

Alex Rich
State Government Affairs Coordinator
Brewers Association | 1327 Spruce Street | Boulder, CO 80302
630.715.3183 | BrewersAssociation.org

October 16, 2026

Micah Chaffee, Executive Director
Nebraska Liquor Control Commission
301 Centennial Mall South
P.O. Box 95046
Lincoln, NE 68509-5046

Re: Contract Brewing in Nebraska

Dear Executive Director Chaffee and Members of the Commission:

On behalf of the Brewers Association, I write in support of allowing appropriately licensed breweries to continue the practice of contract brewing in Nebraska. Contract brewing helps small businesses grow, sustains local manufacturing jobs, and makes productive use of existing brewery facilities while maintaining clear regulatory accountability.

The Brewers Association (BA) is a 501(c)(6) not-for-profit national trade association that promotes and protects the interests of American craft breweries. We have more than 5,000 U.S. professional brewery members and over 1,200 supplier members from throughout the beer supply chain. In Nebraska, BA represents 21 taprooms, microbrewers, and brewpubs throughout the state.

The practice of contract brewing is well established in the industry, with examples dating back to at least the 1930s. Some of the industry's best-known companies, including Boston Beer Company (Samuel Adams, etc.), Pete's Brewing Company (Pete's Wicked Ale), and New Amsterdam, began through contract brewing, while newer brands such as Garage Beer have used the model to grow.

Many breweries engage in contract brewing, and regulators throughout the country have, like Nebraska, permitted this practice without objection or any jeopardy to the public. According to BA's database, in 2025 435 contract brewers and alternating proprietorships nationwide produced more than 643,000 barrels of beer, equivalent to nearly 20 million gallons.

For smaller brewers, contract brewing can provide access to equipment and production capacity that would otherwise require substantial investment. It can help a brewery meet increased demand, introduce a new product, or maintain

operations during equipment repairs or expansion. At a time when many breweries face substantial headwinds, such as rising fixed costs and variable ingredient prices, these arrangements can be a profitable avenue for brands and brewers.

Contract brewing also has an established federal regulatory framework. The Alcohol and Tobacco Tax and Trade Bureau recognizes these arrangements and assigns responsibility to the producing brewery for production records, required label approvals, and federal excise tax payment. Although federal recognition does not determine what Nebraska law permits, it demonstrates that contract brewing can operate with identifiable responsibilities and meaningful oversight.

Nebraska should support small business growth and responsible alcohol regulation at the same time. We respectfully urge the Commission to pursue a practical approach that continues to allow contract brewing while preserving transparency, accountability, and compliance with state law.

Thank you for your consideration and your service to Nebraska. We look forward to working with the Commission and the state's brewing community on this issue.

Sincerely,
Alex Rich
State Government Affairs Coordinator
Brewers Association

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: Contract Brewing Documents
Date: Tuesday, October 20, 2026 8:34:58 AM
Attachments: Contract Brewing - Brickway.docx
Testimony for Conrtact Brewing.docx

From: Zac Triemert <zac@drinkbrickway.com>
Sent: Monday, October 19, 2026 4:23 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: Contract Brewing Documents

Attached is the testimony that I read today supporting contract brewing in Nebraska. I've also attached a document sent to Micah Chaffee detailing precedence on contract brewing in Nebraska. It includes some examples; however, it is not all encompassing. The document also includes our proposed procedures for tracking production, record keeping and paying excise taxes. Please let me know if you have any questions.

Thanks,
Zac

--
Zac Triemert
President, Head Distiller
Brickway Brewery & Distillery
Lucky Bucket Brewing Company
Cut Spike Distillery
Celebrate. Commiserate. Commemorate.

Judge Coffee and members of the Commission, thank you for the opportunity to speak. I'm Zac Triemert with Brickway Brewery & Distillery and Lucky Bucket Brewing Company. I'm asking you to preserve a compliant path for Nebraska breweries to have beer contract brewed by another licensed Nebraska brewery.

Breweries have produced beer for other companies and brands in various ways for more than 25 years in Nebraska. Some were for 100% production, some were to grow and others for an optimized business plan. This has helped Nebraska small business and benefited our Nebraska wholesalers. We have many years that illustrate that contract brewing is a practical part of Nebraska brewing, and I have not been made aware of any arrangements causing a disruption to our wholesalers or the three-tier system.

I've spoken directly with Brickway and Lucky Bucket's Nebraska beer wholesalers about our contract brewing plan. None have objected. They would continue to receive and distribute our beer through the exact same channels that they do now. This plan in no way circumvents the three-tier system and we would pay excise taxes exactly as we do now. If we lose the ability to make the beer as we proposed, our Nebraska wholesalers stand to lose substantial sales as well.

This matters at a difficult time for local breweries. Nebraska has recently lost production from Empyrean, Zipline, and Nebraska Brewing Company. All three of those beer manufactures were larger than Brickway and Lucky Bucket. One of our distributors stated that the loss of those distribution revenues mattered to their bottom line. The loss of small business has impacted our community.

When production leaves Nebraska, we lose more than beer sales. We lose brewing and service jobs, payroll taxes, local spending, and demand for Nebraska agriculture and services. This decision will impact our Nebraska equipment manufacturers and raw ingredient sales as well. The issue is much bigger than just my companies. The ability to contract brew is a path forward that is good for millions of dollars annually for Nebraska revenue from manufactures, suppliers, retailers and more, including the excise taxes that we pay directly to the state of Nebraska.

Contract brewing gives us a way to keep our brands alive and keep that workforce here. Federal law provides a procedure for qualifying transfers of beer between breweries with different owners. We understand that Nebraska's licensing, reporting, and tax requirements still need to be met. We've brought the NLCC a proposed process that accounts for every gallon, identifies who holds the beer at each step, and assigns responsibility for reporting and taxes. Currently, the NLCC monthly tax reporting has a section to allow for brewery-to-brewery bond to bond transfers. We are complian to continue what Nebraska brewers have done for more than 25 years of contract brewing in Nebraska. We welcome your guidance on how to continue this process to work under Nebraska law.

I am happy to work with our Nebraska wholesalers to champion rule making that works for all of us. My largest ask is that our contract brewing plan is not stopped during the time while we build these Nebraska rules. Please don't pull the rug out from under Nebraska small business owners. The result would be to grow the sales of out-of-state beer business – jobs and payroll elsewhere. The total of the Nebraska economy earns so many more dollars when the beer is made here.

For Brickway and Lucky Bucket, this is key to our survival. For Nebraska, it means more beer made here, more business for Nebraska wholesalers, more local jobs, more manufacturing, more excise taxes and overall spending.

Please allow appropriately licensed breweries to continue using contract brewing through a clear, compliant process. We're ready to work with you to get the details right.

Thank you.

To: Micah Chaffee, Executive Director & Brianna Cochran, Revenue and Financial Compliance Administrator, Nebraska Liquor Control Commission
From: Zac Triemert and Mike Cunningham, Brickway Brewery & Distillery and Lucky Bucket Brewing
Date: September 29, 2026
Subject: Request for guidance on proposed brewing arrangements with Thunderhead Brewing

I am writing to request the Commission's guidance on an arrangement under which Thunderhead Brewing would brew beer for Brickway Brewery and Lucky Bucket Brewing. Beer production for another brewery or brand has occurred in Nebraska in several forms. I recognize that these examples do not all have the same licensing, ownership, or production structure. I offer them as background for the Commission's review, while identifying what I know firsthand and what would need verification.

Brewing arrangements, I am aware of:

1. **Barley Brothers.** My understanding is that Barley Brothers, whose owners included Dale Anderson, had its beer brewed outside Nebraska before 2001. I understand the beer was transferred in bond and Barley Brothers handled excise taxes. This predates my involvement in Nebraska brewing, so I cannot attest to the licenses or transfer documents.
2. **Blue Blood and Storz Brewing Company.** Blue Blood Brewing in Lincoln brewed beer for Storz Brewing Company. I am aware of the production relationship but do not know how the parties documented it or assigned reporting and tax responsibilities.
3. **Brickway and Storz Brewing Company.** After Blue Blood closed, Brickway brewed Storz beer under a licensing arrangement. Brickway paid Storz a licensing fee, produced the beer under Brickway's license, invoiced Quality Brands, and handled the production records and excise tax obligations. This was a brand licensing arrangement, rather than the proposed transfer of beer between breweries.
4. **Thunderhead and Hoplula IPA.** When Cortland Brewing Company closed, Thunderhead acquired the rights to Hoplula IPA and produced and sold it. My understanding is that Thunderhead handled the associated records and excise taxes. This is another example of a brewery producing a brand it acquired, rather than contract brewing for a separate brewery.
5. **Nebraska Brewing Company.** During its final years, Nebraska Brewing Company brewed for parties inside and outside Nebraska. Site-1 Brewing was one Nebraska customer, and Bearded Brewer may have been another. I have their contract, but I am unclear what their documentation looked like.
6. **Lucky Bucket and Site-1 Brewing.** After Nebraska Brewing Company closed, Lucky Bucket used a version of its contract brewing agreement to begin a relationship with Site-1. We have brewed two batches. Since signing the agreement, we have become uncertain about Site-1's licensing status. Accordingly, none of that beer has left Lucky Bucket's bonded cooler. All of it has been included in our NLCC state inventory reports. We will not release it until the licensing and reporting requirements are clear.
7. **Lucky Bucket and Brickway.** Lucky Bucket has brewed for Brickway over a longer period. Following an audit, Mark Davis identified a correction to the way production gallonage was reported: it should be shown as produced at the Lucky Bucket facility

rather than allocated by license number. We made that recordkeeping correction immediately.

These examples demonstrate several ways Nebraska breweries have produced beer associated with another company or brand.

Guidance requested for Thunderhead

Federal TTB Procedure 2023-1 sets out a process for certain transfers of beer between breweries with different owners without payment of federal tax at the time of transfer. We understand that the federal procedure does not, by itself, resolve the Nebraska licensing and tax treatment. However, at times when items are not addressed specifically in Nebraska state code, we follow federal guidelines. We are happy to share examples of this.

Before Thunderhead brews for Brickway or Lucky Bucket, we request the Commission's written guidance on a compliant structure. Below is our proposal, however, we are happy to follow whatever process the Commission prefers to achieve our end goal.

Proposed production, transfer, inventory, and tax reporting flow

Purpose. Thunderhead Brewing would produce Thunderhead, Brickway, and Lucky Bucket beer at its licensed brewery. The following process describes how we propose to account for Brickway and Lucky Bucket-branded beer transferred to Nebraska Beverage Partners (NBP). We request the Nebraska Liquor Control Commission's confirmation of the state reporting, distribution, and tax treatment before using this process.

1. **Production at Thunderhead.** Thunderhead will record all beer brewed at its facility in its ordinary production records, identifying each brand and batch. While Brickway and Lucky Bucket-branded beer remains at Thunderhead, Thunderhead will own and possess it and include its gallonage in Thunderhead's reported inventory.
2. **Transfer documentation.** For each proposed transfer to NBP, Thunderhead will prepare a sales invoice and transfer record identifying the beer, batch, quantity, containers, and shipment date. The record will identify the movement as a transfer between brewery bonds, subject to the applicable state and federal requirements.
3. **Physical delivery and change of ownership.** Thunderhead will deliver the identified beer from its bonded brewery premises to NBP's bonded brewery premises. As part of that transfer, Thunderhead will relinquish its ownership interest in the beer. NBP will take possession and ownership, verify the quantity received, and accept the beer into its bonded inventory.
4. **Thunderhead's reporting.** Thunderhead will record the transferred gallonage as beer leaving its bonded inventory. Its production and transfer records will reconcile to the invoice and its monthly NLCC inventory and excise report. Thunderhead will retain the invoice and provide it with its NLCC filing if the Commission requires or accepts that supporting document.
5. **NBP's reporting upon receipt.** NBP will record the same transfer as beer received into its bond and include the received gallonage in its bonded inventory. NBP's receipt

records and monthly NLCC inventory and excise report will reconcile to Thunderhead's invoice. NBP will retain the invoice and provide it with its NLCC filing.

6. **Removal for sale.** When NBP subsequently removes beer from bond, it will record the date, brand, quantity, buyer, and destination and retain the related sales invoice. NBP will report those removals on its state and federal reports. Beer will be sold to wholesalers and to Brickway and Lucky Bucket taprooms.
7. **Excise tax.** NBP will assume the applicable state and federal excise tax responsibility for beer it receives in a qualifying bond-to-bond transfer and later removes for sale.
8. **Reconciliation control.** For every batch, Thunderhead's production and transfer-out records will be matched to NBP's transfer-in, ending inventory, and later removal records. This will establish where the beer was held at each stage, when ownership changed, and how every gallon was ultimately reported and taxed.

Our goal is straightforward: maintain a complete record of every gallon, identify the responsible licensee at each step, and pay all applicable taxes correctly.

Thank you for your consideration. I would appreciate an opportunity to discuss the proposed structure with your team before production begins.

Zac Triemert & Mike Cunningham
Brickway Brewery & Distillery / Lucky Bucket Brewing

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: ATTN: Contract Brewing Public Comments - October 19, 2026.
Date: Tuesday, October 20, 2026 10:22:14 AM

From: Jeremy Kirby <jeremyk@divotsbrewery.com>
Sent: Tuesday, October 20, 2026 10:21 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026.

> You don't often get email from jeremyk@divotsbrewery.com. Learn why this is important

Dear Executive Director Chaffee and Members of the Commission:

I am writing on behalf of Divots Brewery in Norfolk to urge the Commission to continue allowing licensed Nebraska breweries to engage in contract brewing.

Contract brewing is an established practice recognized by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB), which regulates beer production, recordkeeping, labeling, and applicable federal excise taxes. These arrangements operate within an established federal regulatory framework and can maintain clear accountability while complying with applicable state law.

As a larger brewery, I have offered limited contract brewing to one brewery who does not have the space or the capital to brew enough beer to meet the demands of his customers. This not only helps him to continue and grow his business, ensuring jobs in the Lincoln market, it also helps Divots brewery capitalize on the extra space we have and offer our employees steadier production and work schedules.

We treat this contract-brewed beer with all the same as our Divots brewed beer in ways of quality, as well as making sure we are complying with all existing laws set down by the state and the federal lawmakers.

Nebraska breweries need practical, compliant ways to produce beer and compete in today's market. I respectfully ask the Commission to preserve the ability of appropriately licensed breweries to use contract brewing while meeting all applicable licensing and regulatory requirements.

Thank you for considering my comments.

Sincerely,

Jeremy Kirby
Brewmaster
Norfolk, Nebraska
1-402-844-2981
jeremyk@divotsbrewery.com

––

Jeremy Kirby



Direct: 402-844-2981 | Jeremyk@divotsbrewery.com

www.divotsbrewery.com

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: ATTN: Contract Brewing Public Comments - October 19, 2026
Date: Monday, October 19, 2026 8:12:21 AM
Attachments: Contract Brewing Letter 10_18_26.pdf

From: Jesse Vitamvas <jessev@five0fivebrewing.com>
Sent: Sunday, October 18, 2026 9:30 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026

> You don't often get email from jessev@five0fivebrewing.com. Learn why this is important

Hello,

Please find attached Five-0-Five Brewing Company's letter of support for Contract Brewing in the State of Nebraska. Direct any questions to me by phone or email. I appreciate your time and consideration.

Thank you,

Jesse Vitamvas
Head Brewer
jessev@five0fivebrewing.com | 402-317-7847
Five-0-Five Brewing Company |
"Fremont's brand, Nebraska's brewery"

Dear Executive Director Chaffee and Members of the Commission:

I am writing on behalf of Five-0-Five Brewing Company in Fremont to urge the Commission to continue allowing licensed Nebraska breweries to engage in contract brewing.

Nebraska breweries using contract brewing must continue to comply with the licensing requirements and other state laws applicable to their activities. Federal requirements governing production, records, labeling, and taxes also continue to apply as appropriate. The Commission can preserve regulatory accountability without unnecessarily restricting an established business practice that supports local manufacturing and small-business growth.

Although we are not currently having another brewery contract brew for us, we were using this tool for a considerable amount of our operating years. Having another brewery contract brew for us meant that we were able to get product in front of more consumers than just those within our surrounding area. Having beer in a package because of contract brewing means that we can compete in the market with our fellow craft breweries.

I respectfully ask the Commission to allow appropriately licensed breweries to continue contract brewing. This flexibility helps Nebraska breweries produce beer, serve their customers, and remain in business while maintaining regulatory accountability.

Thank you for considering our comments.

Sincerely,

Jesse Vitamvas
Head Brewer
Five-0-Five Brewing Company
Fremont, Nebraska
jessev@five0fivebrewing.com 402-317-7847

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: ATTN: Contract Brewing Public Comments - October 19, 2026
Date: Monday, October 19, 2026 8:10:11 AM

From: John Fahrer <jrfahrer@gmail.com>
Sent: Saturday, October 17, 2026 11:05 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026

I respectfully ask the Commission to allow appropriately licensed breweries to continue contract brewing. This flexibility helps Nebraska breweries to produce beer (therefore increasing excise tax revenue), serve their customers, and remain in business while maintaining regulatory accountability.

Thank you for considering my comments. While contract brewing currently doesn't impact my operation of 12 years, I feel that other breweries should have the ability to do this.

--

John Fahrer
President, FS Brewing Inc. dba Scriptown Brewing Company
3924 Farnam St., Omaha NE 68131
jrfahrer@gmail.com

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: ATTN: Contract Brewing Public Comments - October 19, 2026.
Date: Monday, October 19, 2026 8:12:20 AM

From: Mark Kraus <mark.kraus@lostwaybrewery.com>
Sent: Sunday, October 18, 2026 10:53 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Cc: Kimberly Hines <kimberly.hines@lostwaybrewery.com>; Jason Hines <Jason.hines@lostwaybrewery.com>; Jessica Kraus <jessica.kraus@lostwaybrewery.com>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026.

You don't often get email from mark.kraus@lostwaybrewery.com. Learn why this is important

Subject: Preserve Contract Brewing Opportunities for Nebraska Small Businesses

Deat Executive Director Chaffee and Members of the Commission:

My name is Mark Kraus IV, and I am writing on behalf of Lost Way Brewery in Holdrege, Nebraska, to express our support for the continued ability of licensed Nebraska breweries to engage in lawful contract brewing arrangements and to urge the Commission to avoid imposing unnecessary restrictions on a business practice that supports Nebraska's small businesses, local manufacturing, and economic development.

Contract brewing is an established practice within the American brewing industry and is recognized under federal regulatory guidance. Participating businesses remain subject to applicable federal, state, and local licensing, production, recordkeeping, labeling, taxation, and distribution requirements. These existing safeguards provide a foundation for regulatory accountability without unnecessarily limiting the operational flexibility of small breweries.

If the Commission has identified specific compliance deficiencies or regulatory concerns regarding contract brewing, we encourage an open dialogue with Nebraska's brewing industry to develop targeted, practical solutions rather than broad restrictions that may impose additional financial and administrative burdens on otherwise compliant businesses.

Nebraska's independent breweries already face significant challenges competing against large domestic and international alcohol producers, as well as craft breweries operating in states with different regulatory environments. Contract brewing can provide opportunities for smaller producers to better utilize existing manufacturing capacity, manage production costs, collaborate with other businesses, and respond to changing market demands without incurring substantial capital expenditures.

Further restrictions on these arrangements risk placing Nebraska businesses at an additional competitive disadvantage, potentially affecting local employment, tax revenues, investment, and economic opportunities in communities across our state.

For many of us, operating a brewery represents far more than a commercial enterprise. We have willingly shouldered substantial financial risk, invested in our communities, and accepted

extensive regulatory obligations not simply to pursue a personal dream, but to provide for our families, support our employees, and create places where friends, neighbors, and strangers can gather, connect, learn, and grow together.

We recognize the Commission's responsibility to ensure compliance with Nebraska law and support reasonable, clearly defined regulatory oversight. We respectfully ask that the Commission exercise that authority in a manner that protects consumers and preserves accountability while allowing Nebraska's independent brewing industry the flexibility necessary to remain viable and competitive.

Thank you for your consideration and for the opportunity to represent the interests of Nebraska's small-business community.

Respectfully,

Mark Kraus
Co-Founder & President
Lost Way Brewery, LLC
Holdrege, Nebraska

308.995.0503

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: ATTN: Contract Brewing Public Comments - October 19, 2026
Date: Monday, October 19, 2026 9:24:44 AM

From: Palsbrew <palsbrew@palsbrewingcompany.com>
Sent: Monday, October 19, 2026 9:15 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026

> You don't often get email from palsbrew@palsbrewingcompany.com. Learn why this is important

Dear LCC Members -

It is imperative that contract brewing remain allowed in Nebraska. Regardless of statute, the commission has allowed for contract brewing by craft breweries and the transfer of beer between breweries in bond per federal regulations for decades. As long as a craft brewery brews some beer and pays the appropriate excise taxes, the use of a contractor to perform some of the labor (i.e. brewing beer) should be allowed as it is in every other industry.
This includes wholesalers within Nebraska. As a Class C license holder in Nebraska, we don't receive deliveries from most wholesalers. They utilize a contract delivery service to deliver their products to our location. Should the use of a contractor cause a wholesaler to be "less of a wholesaler"?

Running a brewery is a business. There are times when using excess capacity at another brewery just makes sense due to the large Capital expenses required to grow in our industry. As long as the paper trail is maintained, taxes are paid, and existing regulations are followed this should be welcome as it benefits both breweries who might otherwise not survive, stop paying taxes, and layoff employees.

Please continue to support this vital tool in the brewery toolbox and support contract manufacturing as simply the Contract Labor it is.

Paul Oettinger
Co-Founder

Pals Brewing Company
4520 S Buffalo Bill Ave

North Platte, NE 69101
Office: 308-221-6715

Https://www.palsbrewingcompany.com

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda
Subject: FW: Contract Brewing Public Comments Oct 19 26
Date: Monday, October 19, 2026 9:24:32 AM
Attachments: Contract Brewing.docx

From: leawatson@pintninebrewing.com <leawatson@pintninebrewing.com>
Sent: Monday, October 19, 2026 9:02 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: Contract Brewing Public Comments Oct 19 26

> You don't often get email from leawatson@pintninebrewing.com. Learn why this is important

Thanks so much for your attention to this issue!

Lea Watson
Director of Business Development
Pint Nine Brewing Company
10411 Portal Road Ste 104
Papillion NE 68128
Cell: 402-660-0685
Brewery 402-359-1418

Virus-free.www.avg.com

Re: Continue Contract Brewing in Nebraska

Dear Executive Director Chaffee and Members of the Commission:

I am writing on behalf of Pint Nine Brewing Company in Papillion to urge the Commission to continue allowing licensed Nebraska breweries to engage in contract brewing.

Nebraska breweries using contract brewing must continue to comply with the licensing requirements and other state laws applicable to their activities. Federal requirements governing production, records, labeling, and taxes also continue to apply as appropriate. The Commission can preserve regulatory accountability without unnecessarily restricting an established business practice that supports local manufacturing and small-business growth.

Contract brewing is an established practice recognized by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB), which regulates beer production, recordkeeping, labeling, and applicable federal excise taxes. These arrangements operate within an established federal regulatory framework and can maintain clear accountability while complying with applicable state law.

While we don't currently contract brew for anyone, we appreciate that is a business model that is available to anyone who does as long as they are operating within the federal requirements when doing so, we believe that business decision should be left to them.

I respectfully ask the Commission to allow appropriately licensed breweries to continue contract brewing. This flexibility helps Nebraska breweries produce beer, serve their customers, and remain in business while maintaining regulatory accountability.

Thank you for considering my comments.

Sincerely,

Lea Watson
Director of Business Development
Pint Nine Brewing
Papillion Nebraska
402-660-0685

leawatson@pintninebrewing.com

From: Thunderhead Brewing <thunderheadbrewing@gmail.com>
Sent: Friday, October 16, 2026 7:58 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: ATTN: Contract Brewing Public Comments - October 19, 2026.

> You don't often get email from thunderheadbrewing@gmail.com. Learn why this is important

I am in favor of allowing this. It's common nationally and assumed it was allowed within the state. Large brands such as Miller and InBev use it and have used it in the past to produse beers such as Pabst and Sam Adams. It will help smaller producers in state to survive and grow.

Trevor Schaben

Thunderhead Brewing

From: Chaffee, Micah
To: Mortensen, Amanda; Watson, Mark; Cochran, Brianna
Subject: FW: Contract Brewing
Date: Monday, October 19, 2026 3:07:01 PM

Amanda, please include this in your summary of emails/information to the Commissioners regarding contract brewing.

Micah Chaffee, J.D.
Executive Director, Nebraska Liquor Control Commission
(402) 471-2571

From: Barry Fox <barry@kinkaider.com>
Sent: Monday, October 19, 2026 11:06 AM
To: Chaffee, Micah <Micah.Chaffee@nebraska.gov>
Subject: Fw: Contract Brewing

See conversation below.

Barry

From: Barry Fox <barry@kinkaider.com>
Sent: Thursday, 23 June 2022 17:24:53
To: Davis, Mark <Mark.Davis@nebraska.gov>
Cc: NLCC Producers Desk <nlcc.producersdesk@nebraska.gov>; Prange, LeAnna K <leanna.prange@nebraska.gov>; Cody Schmick <cody@kinkaider.com>; 'KBC Invoice' <kbcinvoice@gmail.com>
Subject: RE: Contract Brewing

Mark/LeAnna,

See the email below. It appears Catalyst is getting different direction from Allison. Which way do we need to move forward on this?

Barry

From: Chadwick Fisher
Sent: Tuesday, June 21, 2022 9:28 AM
To: Barry Fox; Geri Pribyl
Subject: Catalyst

Hello everyone
I reached back out to Allison from the NLCC. She said to continue as we are. Catalyst will pay the taxes for the beer brewed. Thank you everyone for the communication on this.

From: Barry Fox
Sent: Tuesday, June 7, 2022 3:58 PM
To: Davis, Mark
Cc: NLCC Producers Desk; Prange, LeAnna K; Cody Schmick
Subject: RE: Contract Brewing

Mark,

Attached is the only agreement we have... very basic. May was the first month product was produced and shipped to Catalyst. We will ensure it is reported and tax paid accordingly.

If you need anything additional please let me know.

Thanks,

Barry

-------- Original message --------
From: "Davis, Mark" <Mark.Davis@nebraska.gov>
Date: 6/7/22 3:30 PM (GMT-06:00)
To: Cody Schmick <codyschmick@gmail.com>, Barry Fox <barry@kinkaider.com>
Cc: Cody Schmick <cody@kinkaider.com>, NLCC Producers Desk <nlcc.producersdesk@nebraska.gov>, "Prange, LeAnna K" <leanna.prange@nebraska.gov>
Subject: RE: Contract Brewing

Cody,
Can you provide copies of all contract brewing agreements that Kinkaider Brewing currently has?

Additionally, as the contract brewer TTB guidelines state that the brewer pays all of the taxes. Nebraska is mirroring federal guidelines on that and reporting requirements for contract brewing agreements are as follows:

All contract brewing sales are reported on the “Sales To Wholesalers” line, as they are a wholesale sale and not a retails sale under the current reporting system. All barrels produced count towards the maximum barrel volume permitted by Nebraska Revised Statute 53-103.05 of 20,000 barrels. Invoices of beer transported to the contractee will be included in reports as would a normal sale to a wholesaler.

The contractee has no tax payment required as the tax is already paid, however they will need to report the receipt of the beer by including invoices from the contract brewer showing the gallonage and product delivered.

Thank you,

Mark Davis Jr
Fiscal Compliance Analyst
Nebraska Liquor Control Commission
301 Centennial Mall South, 1st Floor
Lincoln NE 68508
Mark.Davis@nebraska.gov
402-471-4804 – Desk
402-499-5087 - Cell

From: Cody Schmick <codyschmick@gmail.com>
Sent: Tuesday, June 7, 2022 3:11 PM
To: Davis, Mark <Mark.Davis@nebraska.gov>; Barry Fox <barry@kinkaider.com>
Cc: Cody Schmick <cody@kinkaider.com>; NLCC Producers Desk <nlcc.producersdesk@nebraska.gov>
Subject: Re: Contract Brewing

Yes we are for Catalyst.

Sent from my iPhone

> On Jun 7, 2022, at 3:00 PM, Davis, Mark <Mark.Davis@nebraska.gov> wrote:
>
> Cody,
> Are you guys doing any contract brewing for any breweries in the state?
>
> Thank you,
>
> Mark Davis Jr
> Fiscal Compliance Analyst
> **Nebraska Liquor Control Commission**
> 301 Centennial Mall South, 1st Floor
> Lincoln NE 68508
> Mark.Davis@nebraska.gov
> 402-471-4804 – Desk
> 402-499-5087 - Cell

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Watson, Mark; Mortensen, Amanda
Subject: FW: Attn: Contract Brew Public Comments
Date: Wednesday, October 28, 2026 1:34:54 PM
Attachments: Contract Brewing Letter from BA.pdf

From: leawatson@pintninebrewing.com <leawatson@pintninebrewing.com>
Sent: Wednesday, October 28, 2026 12:52 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>; Chaffee, Micah <Micah.Chaffee@nebraska.gov>
Subject: Attn: Contract Brew Public Comments

> You don't often get email from leawatson@pintninebrewing.com. Learn why this is important

Hello

Attached is the letter from the BA and the Nebraska Craft Brewers Guild.

Thanks so much!

Lea Watson
Director of Business Development
Pint Nine Brewing Company
10411 Portal Road Ste 104
Papillion NE 68128
Cell: 402-660-0685
Brewery 402-359-1418

Virus-free.www.avg.com

October 28, 2026

Via Electronic Submission

Micah Chaffee, Executive Director
Nebraska Liquor Control Commission
301 Centennial Mall South
P.O. Box 95046
Lincoln, NE 68509-5046

Re: **Contract Brewing and Transfers Between Nebraska Craft Breweries**

Dear Executive Director Chaffee and Members of the Commission:

I write on behalf of the Brewers Association (BA) and the Nebraska Craft Brewers Guild to follow up on the Commission's October 19, 2026 public discussion of contract brewing. We appreciate the Commission's willingness to consider this issue and to hear from breweries and other industry participants. Our October 16 letter described the practical importance of contract brewing to small Nebraska businesses. These supplemental comments focus on the Nebraska Liquor Control Act itself.

We believe the Act's craft brewery provisions contemplate movements of beer among locations under a single craft brewery license and leave room for properly documented transactions between separately licensed breweries. The Commission can recognize those arrangements without weakening the statutory limits on sales to retailers or the role of licensed wholesalers. While we believe the statutes speak for themselves, in light of recent questions the Commission should clarify these distribution rights of craft brewery licensees through its express rulemaking authority to do so. *See* Neb. Rev. Stat. § 53-123.14(4).

We appreciate that the Associated Beverage Distributors of Nebraska (ABDN), in its October 19 submission, expressly agrees that contract brewing is lawful. Our disagreement with ABDN's interpretation concerns how a brewery may receive, move, and market the resulting beer. That disagreement deserves careful attention to the distinctions drawn in the Act, rather than a rule that treats every brewery-to-brewery movement as a retail distribution transaction.

1327 SPRUCE STREET BOULDER COLORADO 80302 USA T: +1.303.447.0816 BREWERSASSOCIATION.ORG

1. The Craft Brewery Statute Contemplates Movement Between Different Locations

The statute establishing the craft brewery license permits one licensee to cover "up to eight separate physical locations" and measures the licensee's annual production limit "in the aggregate from all physical locations comprising the licensed premises." Neb. Rev. Stat. § 53-123.14(1). These words matter. The Legislature chose to regulate one craft brewery business across multiple physical sites, not to treat every site as a different producer or a separate wholesaler.

Moving a craft brewer's beer between separate craft brewery locations of a licensee is as natural as a wholesaler moving beer between warehouses to address out-of-stocks or rebalance inventory. A brewery licensee might produce beer at one location and store, package, or offer it for sale at another authorized location. Moving its own inventory between those sites does not sell beer to a different person. Indeed, such movement would not meet the Act's definition of a "sale." *See id.* at § 53-103.33. Nor does moving inventory transform a craft brewery licensee into a wholesaler. Reading the Act to require a wholesale sale every time a craft brewery moves its own beer between its licensed locations would substantially defeat the multi-location privilege the Legislature expressly created. Moreover, it would ignore the Act's definition of a wholesaler, which is limited to selling or reselling to retailers. *See id.* at § 53-103.41. In sum, the plain text of the craft brewery license statute provides affirmative textual support for internal transfers, subject to the Commission's reasonable inventory, premises, and tax requirements.

Transfers between a craft brewery's separate locations fundamentally differ from delivery to a separate retail customer. Section 53-123.14(2)(a) permits a craft brewery to "directly sell for resale" up to 250 barrels annually "directly to retail licensees" if it meets specific territory, vehicle, employee, and other conditions. Subsection (2)(b) limits that self-distribution privilege to beer brewed on the craft brewery's licensed premises and prohibits distributing beer made by another licensee. These restrictions govern sales for resale to retail licensees; they do not purport to define, much less forbid, an internal movement between locations covered by the same craft brewery license. Collapsing these two activities into one category ignores the language the Legislature chose.

2. Contract Brewing Between Separately Licensed Breweries Is Not Necessarily a Retail Sale or Wholesale Distribution

A brewer may make beer for a contracting brewery under an ordinary manufacturing agreement. Whether the completed beer changes ownership, who pays the excise taxes, and who subsequently sells the beer are distinct questions. The Act should not treat the physical transfer of beer, the sale of beer to a retailer, and the wholesale distribution of beer as interchangeable events.

ABDN points to sections 53-169(2) and 53-171, which generally prevent a craft brewery from "engag[ing] in the wholesale distribution of beer" except under the limited privilege in section 53-123.14(2). But neither provision defines every

transaction between two licensed manufacturers as wholesale distribution. Indeed, wholesaling for purposes of the Act "means a person importing or causing to be imported into the state or purchasing or causing to be purchased within the state alcoholic liquor for sale or resale to retailers[.]" *See id.* at § 53-103.41. Notably, the Act's definition of wholesaler puts the state in marked contrast with federal law, which renders ABDN's reliance on *TTB Industry Circular* 2005-02 misplaced.

Turning back to Nebraska law, the manifest concern of sections 53-169 and 53-171 is the separation of manufacturing, wholesaling, and retailing. A brewery supplying product to another licensed producer for further manufacturing, packaging, or other authorized brewery operations does not implicate those concerns.

Likewise, the craft brewery license statute authorizes such businesses to sell to beer wholesalers for onward distribution to retailers; it does not say that a licensed wholesaler must intervene in every transfer of beer between licensed breweries. *See id.* at § 53-123.14(1). Similarly, a manufacturer's license expressly authorizes manufacture, storage, and sales to wholesale licensees. *See id.* at § 53-123.01(1). These provisions clearly govern commercial sales into the distribution system. They do not answer every question about movement of work in process or other beer between manufacturers. We urge the Commission not to infer a prohibition beyond the transactions those provisions actually address.

The Act itself recognizes distinctions in the source of marketable products. Under it, a wholesaler purchases from the "primary American source of supply," which may be the manufacturer, the owner of liquor when it becomes a marketable product, or that party's agent. *See id.* § 53-192.01. That wording expressly recognizes that the manufacturer and the owner of a finished product may be different persons. Although this section regulates wholesaler sourcing—not brewery-to-brewery transport—it fits comfortably with contract manufacturing and undercuts a categorical assumption that only the brewery operating the equipment that made a beer may control the resulting product.

3. The General Restrictions Should Be Read Sensibly and Together with the Specific Craft Brewery Provisions

ABDN relies on section 53-168.06, which generally prohibits alcoholic liquor activities except as provided by the Act, and section 53-176, which forbids manufacturers and wholesalers to sell or deliver packages for resale to persons not authorized to receive them. These provisions are important safeguards. But they require the Commission to determine what activity is occurring and whether the receiving licensee has authority—not to assume that any physical transfer is necessarily a prohibited resale.

Moreover, the general prohibition cannot possibly mean that *every* activity a business might undertake must be expressly authorized, as such a restrictive reading would immediately bring alcohol businesses in the state to a halt. To take a closely analogous example, wholesalers may balance inventory between locations, yet nothing in the Act specifically contemplates such transfers.

The Act generally requires a retail licensee to purchase alcoholic liquor from an in-state licensed wholesaler. *See id.* at § 53-175. That requirement should govern a brewery when it acts solely in its separate capacity as a retailer acquiring another producer's beer *for retail sale* – the statutory touchstone for what constitutes wholesaling. *See id.* at § 53-103.41. BA does not ask the Commission to create a general exception for retail purchases simply because the retailer also holds a brewery license. But the Commission should recognize the different capacity in which a licensee may act when beer moves under a legitimate manufacturing arrangement. The factual substance and documented purpose of the transaction matter.

This same approach addresses the tied-house law and its restrictions on things of value between suppliers and retailers. *See generally id.* at § 53-168. Its private-label exceptions expressly permit certain sales and purchases involving private or generic labels. *Id.* at § 53-168(4)-(5). Those exceptions recognize private-label commercial relationships, but they do not resolve whether a particular contracting brewery may later sell the beer to a wholesaler or directly to consumers. Such questions should turn on the license involved and the applicable limits, not on the mere presence of a trademark license in an otherwise lawful production contract.

Characterizing contract brewing relationships as private label arrangements also does violence to the common understanding of both these commercial terms. As commonly understood in the industry, a contract brewing relationship involves a brewery making a product for another brewery or for a brand owner whose primary business is in marketing and selling the brand in question. In contrast, private labels are generally understood to involve a producer making a product for a business solely or primarily in the business of selling at retail to consumers. Conflating the two because Nebraska craft brewery licensees must obtain a retail license in order to operate a taproom upends those common understandings.

4. The Commission Has Authority to Clarify Boundaries Without Inventing a New Distribution Tier

The Legislature expressly directed that the Commission "may adopt and promulgate rules and regulations pertaining to distribution rights of craft brewery licensees." Neb. Rev. Stat. § 53-123.14(4). Until the issue of contract brewing arose as an issue in recent weeks, the need for any clarification was not apparent. But to resolve the concerns of ABDN, the Legislature's grant of rulemaking authority provides a practical path for resolving any purported uncertainty. The Commission can articulate a sensible distinction among: (a) transfers among approved locations of one craft brewery licensee; (b) manufacturing-purpose transfers between separately licensed brewers; and (c) sales or deliveries for resale to retail accounts, which remain subject to the express limitations of section 53-123.14(2) and other applicable provisions.

The Commission's existing regulations already make related distinctions. Its Chapter 13 rules recognize satellite locations, off-site storage, and specific distribution requirements for craft breweries; Rule 08.04 imposes the 250-barrel cap and the licensed-location restriction on self-distribution to retailers. These

provisions demonstrate that the Commission can regulate physical locations, inventory, and retail distribution separately. Any clarification must remain within the Act: Section 53-123.14(4) authorizes implementation of statutory rights, not creation of an unlimited new right to act as a wholesaler. *See Terry Carpenter, Inc. v. Nebraska Liquor Control Commission*, 175 Neb. 26, 120 N.W.2d 374 (1963) (agency rules cannot conflict with the Act).

A workable clarification could require that manufacturing-purpose transfers occur only between identified licensed brewery premises. It could also specify who owns the beer at each stage, require invoices or transfer documents describing the quantity, product, origin, destination, and purpose, and mandate specific production, removal, and tax records. Beer acquired solely under a retail license would continue to pass through a wholesaler when section 53-175 requires it. This presents a more targeted solution than routing all brewing operations through a wholesaler regardless of their actual purpose.

5. Federal Brewing Rules Inform Administration, But Do Not Displace Nebraska Law

Federal law offers a useful illustration of how regulators distinguish production responsibility, ownership, and removals. *TTB Industry Circular* 2005-2 describes contract brewing as an ordinary commercial arrangement and places production, records, labeling, and tax responsibility on the producing brewer. The federal statute also permits qualifying transfers of beer between breweries without immediate federal tax payment. 26 U.S.C. § 5414; *TTB Procedure* 2023-1. We *do not assert*, nor do we believe any Nebraska brewer asserts, that federal law on beer transfers preempts Nebraska law and therefore compels Nebraska to authorize a particular movement of beer. As such, *Greenbush Brewing Co. v. Michigan Liquor Control Commission*, 425 F. Supp. 3d 897 (W.D. Mich. 2019), cited by ABDN, does not provide a meaningful precedent. If anything, *Greenbush* and the Michigan law at issue in that case illustrate the sort of clear statutory prohibition on transfers that states *may* enact. Here, the Legislature has not done so.

ABDN also suggests that a producer gains an unlawful interest in a retail business whenever its tax or payment obligations depend on a contracting brewery's later actions. This would stretch section 53-169(1) too far. Ordinary commercial counterparties routinely have financial interests in prompt performance. A contract for manufacturing, recordkeeping, or reimbursement itself does not confer an ownership or operational interest in the retailer. Such an interpretation would render every distribution contract between manufacturer and wholesaler an unlawful interest – clearly an absurd result. Genuine control, financing, or other prohibited involvement remains subject to the Act's safeguards.

Finally, ABDN raises potential federal excise tax consequences for a contracting brewery receiving beer in bond. Just as federal transfer rules do not require Nebraska to follow them, potential federal tax consequences do not dictate the interpretation of Nebraska statutes here. And as a practical matter, the interpretation advanced by ABDN would have far more significant and dire financial consequences on Nebraska brewers by forcing all contract brewed beer to pass

through a wholesaler and therefore be subject to a significant markup. This result is both unfair and not dictated by statute. It also would do violence to the Act's statement of policy, which aims to "promote adequate, economical, and efficient service by licensees selling alcoholic liquor within the State of Nebraska without unjust or undue discrimination, preference, or advantage[.]" Neb. Rev. Stat. § 53-101.01.

6. The Commission Should Take Into Account Nebraska Breweries' Reliance on Prior Commission Interpretations

We recognize that the Commission may approach interpretations under previous leadership with some understandable caution. We appreciate the Commission's commitment to integrity and careful oversight.

Nevertheless, we understand that multiple Nebraska craft breweries relied on prior guidance in establishing or growing their business. This reliance should enter the Commission's consideration when determining how best to proceed.

The Commission should also consider that the Legislature appears to have acquiesced in the prior Commission's approach. We understand that the Commission's authorization of contract brewing had occurred by 2019, at the very latest. The Legislature amended the craft brewery statute three times since then – in 2021, 2022, and 2025. Never once did the Legislature seek to address contract brewing practices, As the Supreme Court has explained, this silence has significance:

> The construction of a statute of doubtful meaning given it by those whose duty it is enforce it, and which construction the Legislature has, by its continued noninterference for a number of years, acquiesced in, will be approved unless, as thus construed, it contravenes some provision of the Constitution, or is clearly wrong.

International Bro. of Elec. Wkrs. v. City of Hastings, 138 N.W.2d 822, 825, 179 Neb. 455 (Neb. 1965).

Regardless of whether the Commission views the Legislature's silence as binding, we think it drives home the lack of any public policy need for a change in the status of contract brewing under Nebraska law.

7. Requested Approach

The Brewers Association respectfully asks the Commission to recognize, first, that transfers among physical locations comprising one craft brewery's licensed premises are consistent with the express multi-location structure of section 53-123.14(1) and are not, merely by reason of transportation, wholesale distribution. Second, the Commission should recognize that contract brewing among separately licensed breweries is lawful and that a documented manufacturing-purpose transfer is not automatically the same as retail self-distribution or an unauthorized wholesale business. Third, if the Commission sees the need for additional

guardrails, it should use section 53-123.14(4) to specify records, tax responsibility, permitted recipients, and downstream sale limitations for different arrangements.

We do not contend that every brewer-to-brewer sale is authorized, or that a contracting brewery may freely purchase finished beer and resell it without the proper licenses. But the Act should not be read to extinguish ordinary manufacturing activities through an overbroad interpretation of provisions designed to regulate sales to retailers. The Commission can preserve wholesaler protections and effective oversight while giving meaning to the specific rights its Legislature gave to craft breweries.

Thank you for your consideration and we look forward to working with the Commission, the Nebraska Craft Brewers Guild, Nebraska brewers, the ABDN, and other stakeholders toward a clear and practical understanding of the Act.

Sincerely,

Marc E Sorini

Marc E. Sorini
Vice President of Government Affairs
Brewers Association

Lea Watson

Lea Watson
President
Nebraska Craft Brewers Guild

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda; Watson, Mark
Subject: FW: Contract Brewing
Date: Wednesday, October 28, 2026 1:34:03 PM
Attachments: Contract Brewing.pdf

From: Richard Gibson <richard.gibson@secondchapterbrewing.com>
Sent: Wednesday, October 28, 2026 10:53 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Cc: Chaffee, Micah <Micah.Chaffee@nebraska.gov>
Subject: Contract Brewing

> You don't often get email from richard.gibson@secondchapterbrewing.com. Learn why this is important

Good morning Mr. Chaffee and NLCC employees,

My name is Richard Gibson, and I am the head brewer and owner at Second Chapter Brewing in Ogallala, NE. I've attached a pdf regarding contract brewing to help assist with upcoming discussions surrounding this topic. If you ever have any questions or comments, please feel free to respond or reach out to me directly.

Hope you all have a great day.

Thanks,

--
Richard Gibson
Second Chapter Brewing
Ogallala, NE
308-284-7391

Dear Executive Director Chaffee and Members of the Commission,

I am writing on behalf of Second Chapter Brewing in Ogallala, Nebraska, to urge the Commission to continue allowing licensed Nebraska breweries to engage in contract brewing.

Contract brewing is an established manufacturing practice recognized by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB), which regulates beer production, recordkeeping, labeling, and applicable federal excise taxes. These arrangements already operate within an established federal regulatory framework and can maintain clear accountability while complying with applicable state law. The Commission can preserve regulatory accountability without unnecessarily restricting an established business practice that supports local manufacturing and small-business growth.

Second Chapter Brewing does not use contract brewing at the moment, but we have considered it to produce some of our more popular brands that are in higher demand. Our capacity is limited to 5bbl batches, so keeping up with demand on our popular products can be difficult during certain times of the year. From discussing this topic with other brewers – both in Nebraska and in other states – the purpose of contract brewing is not to avoid any taxation or wholesaler agreements, but to keep up with demand for a popular product.

Here’s an example that might help clarify how a contract brewing agreement is viewed from a brewer’s point of view:

Brewery A - 5bbl system with 4 Fermenters and no canning equipment

Brewery B - 30bbl system with 7 Fermenters, 3 Brite Tanks, and a canning line producing 20 cans per minute.

Brewery A has a very popular IPA that they would like to get out into the market, but it does not have the capacity on its own. Brewery A purchases all necessary raw materials and ingredients to be used in their product, and contracts with Brewery B for production. Brewery A pays a set fee to Brewery B to produce the product only, not to sell it. Brewery A retains all ownership and rights to the ingredients, the product, the recipe, and intellectual property related to it. The product itself is owned entirely by Brewery A; the role of Brewery B is solely to take raw ingredients, process them, and make them into a finished product.

Following completion of production, that product is then returned to Brewery A, where they track excise tax. They then work to get that product out into the market, whether through a distributor or through their own taproom or self-distro channels.

This is an example of a simple arrangement that allows a smaller producer (Brewery A) the ability to grow, without making significant capital investments. It also allows a larger producer (Brewery B) to maximize their equipment potential, rather than letting it sit idle. These arrangements can also be helpful at other times too: when equipment breaks down, when operators face illness or staffing issues, or when testing the market for potential expansion. Not allowing this type of arrangement could hurt small businesses in Nebraska that have potential to grow and hire more employees.

A good comparison is when a small farmer with 1,000 acres needs help and contracts with a larger neighboring farmer, or a custom harvest company, to harvest 160 acres that they aren't able to with their equipment. Both producers come to an arrangement to use equipment for a set fee to get the harvest done in a timely manner. One difference with farming is that the wholesaler (local elevator that purchases corn, wheat, soybeans) does not have a say in who harvests the crop, it’s up to the individual farmer/producer to do what’s best for their own business. I feel that the same model should apply to many other businesses, including breweries, as long as all appropriate regulations are followed, and all taxes are paid.

If two businesses want to enter into a manufacturing/production contract and all excise taxes are paid accordingly, then any legitimate concerns about tax collection, inventory tracking, or wholesale authority can be addressed through clear, enforceable requirements, including written agreements, transfer documentation, inventory reconciliation, tax reporting, and license verification. The precedent of contract brewing has been in place for many years without any regulatory or tax compliance issues.

I respectfully ask the Commission to allow appropriately licensed breweries to continue contract brewing. This flexibility helps Nebraska breweries produce beer, serve their customers, and remain in business while maintaining regulatory accountability.

Thank you for considering my comments.

Sincerely,

Richard Gibson
Owner, Brewer
Second Chapter Brewing
Ogallala, Nebraska
richard.gibson@secondchapterbrewing.com

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Watson, Mark; Mortensen, Amanda
Subject: FW: Dot Provisions LLC Comments on Contract Brewing and Interbrewery Transfers
Date: Friday, October 30, 2026 9:24:13 AM
Attachments: Contract Brewing Law Comments.pdf

From: F. William <Bill@siebertschellpeper.com>
Sent: Thursday, October 29, 2026 9:23 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Cc: Jason Siebert <jason@zaska.beer>
Subject: Dot Provisions LLC Comments on Contract Brewing and Interbrewery Transfers

> You don't often get email from bill@siebertschellpeper.com. Learn why this is important

Commissioners,

Attached are Dot Provisions, LLC's written comments concerning contract brewing and interbrewery transfers, including our response to ABDN's October 19, 2026 letter.

Please include these materials in the record for the Commission's public inquiry and share them with all Commissioners.

I submit these comments in my capacity as a manager of Dot Provisions, LLC. Thank you for considering our position.

Regards,

Bill Schellpeper
Manager
Dot Provisions, LLC

F. William Schellpeper III
Siebert Schellpeper LLP
1541 S. 108th Street
Omaha, NE 68144
402-613-7845

DOT PROVISIONS, LLC
3548 Center Street
Omaha, NE 68105
bill@zaska.beer • 402-613-7845

October 29, 2026

Via Electronic Delivery to the Commissioners of the Nebraska Liquor Control Commission

IN RE: COMMISSION INQUIRY CONCERNING CONTRACT BREWING AND BONDED TRANSFERS AMONG CRAFT BREWERY LICENSEES (CLASS L);

WRITTEN COMMENTS AND LEGAL RESPONSE TO THE ASSOCIATED BEVERAGE DISTRIBUTORS OF NEBRASKA'S POSITION ON CONTRACT BREWING

Commissioners,

On October 19, 2026, the Associated Beverage Distributors of Nebraska ("ABDN") submitted a letter to the Nebraska Liquor Control Commission ("Commission") regarding contract brewing. ABDN conceded that contract brewing is lawful in Nebraska, but posited a regulatory framework that would fundamentally disrupt craft brewing operations across the state.

Specifically, ABDN asserts that:

1. When a Class L licensee enters into a contract brewing arrangement, it acts not as a manufacturer, but merely as a "retailer" procuring a "private label" under Neb. Rev. Stat. § 53-168;
2. Direct transfers between licensed breweries must either count against the producing brewer's 250-barrel self-distribution cap under Neb. Rev. Stat. § 53-123.14(2) or be forcibly routed through a wholesale distributor; and,
3. Intra-tier "bond-to-bond" transfers are unauthorized under Nebraska law and disrupt state excise tax administration under Neb. Rev. Stat. § 53-164.01.

ABDN's position relies on a selective reading of Chapter 53, misapplies federal law, and invites the Commission to exceed its statutory authority by rewriting plain legislative text. These comments are submitted to provide the Commission with the statutory, regulatory, and structural analysis governing contract brewing and bonded transfers in Nebraska.

I. STATUTORY ANALYSIS: THE TRUE NATURE OF A CLASS L LICENSEE

A. A Craft Brewery is a Manufacturer (Tier 1), Not a Conventional Retailer

The premise of ABDN's argument is that because craft breweries hold retail taproom privileges,

an arrangement between a producing brewer and a contracting brewer must be analyzed as an exchange of value between a "manufacturer" and a "retailer" under the tied-house provisions of Neb. Rev. Stat. § 53-168. ABDN then argues that the *only* statutory justification permitting contract brewing is the narrow "private label" exemption set forth in § 53-168(4)–(5). This characterization misconstrues the licensing scheme established by the Legislature.

Section 53-123.14(1) of the Nebraska Revised Statutes authorizes craft-brewery production and grants specified manufacturing and retail privileges. A Class L licensee is a manufacturer first. The retail taproom privileges authorized under § 53-123.14 are incidental rights granted to that manufacturing license, not a separate, standalone retail establishment license. When two licensed Class L breweries contract for production, they are executing an intra-tier transaction between two licensed manufacturers (Tier 1 to Tier 1). The tied-house prohibitions of § 53-168 were designed to prevent vertical integration and coercive financial control between manufacturers and *independent, third-party retail licensees*. Treating a contract brewing agreement between two licensed breweries as a "retailer purchasing private-label beer" assumes a retail characterization without examining the parties' manufacturing roles in the transaction.

The Commission should recognize contract production between qualified craft breweries as a manufacturing relationship when the parties act in their manufacturing capacities. Delivery within that relationship should not automatically be recharacterized as a sale to a retail licensee merely because the receiving brewery also possesses retail privileges. ABDN's proposed wholesale intermediation depends on that recharacterization; it cannot be assumed at the outset.

B. The 250 Barrel Limit Governs Direct Sales for Resale to Retail Licensees

Neb. Rev. Stat. § 53-123.14(2)(a) authorizes limited direct sales for resale to appropriately licensed Nebraska retailers, subject to the annual 250-barrel ceiling and the other conditions stated in that subsection.

ABDN's application of that ceiling to every interbrewery manufacturing transfer assumes the very classification the Commission must decide: whether the receiving brewery acquires the beer as a retail purchaser or receives it within an authorized manufacturing relationship.

The Commission should recognize that delivery within a qualifying brewery-to-brewery manufacturing arrangement is distinct from a direct sale for resale to a retail licensee. The receiving brewery's possession of retail privileges should not, by itself, determine the character of the transaction. The parties' production activities, agreement, and intended disposition of the beer should inform that determination.

Accordingly, the Commission should exclude authorized manufacturing transfers from the retail self-distribution ceiling while preserving the statutory requirements governing subsequent retail sales and distribution.

C. The Commission's Own Rule Expressly Excludes Craft Breweries from Mandatory Wholesale Warehousing

The Commission's regulations expressly distinguish craft breweries from licensees subject to mandatory wholesale warehousing. Under 237 NAC 6 § 010.01, alcoholic beverages purchased for resale ordinarily must physically pass through a licensed Nebraska wholesaler's warehouse before retail resale. The rule then states: "This rule does not apply to holders of Nebraska craft brewery licenses."

That express exception undermines ABDN's categorical insistence that beer moving between craft breweries must pass through a wholesale warehouse. The Commission's own regulatory framework recognizes that mandatory wholesale warehousing does not apply uniformly to craft brewery operations.

Read together with the manufacturing privileges granted by Neb. Rev. Stat. § 53-123.14(1), this exception supports distinguishing delivery within a brewery-to-brewery manufacturing relationship from distribution to an independent retail purchaser. A receiving brewery's retail privileges should not automatically convert every manufacturing transaction into a retail acquisition requiring wholesale intermediation.

Section 010.01 does not independently authorize every interbrewery transfer or resolve the separate statutory requirements governing subsequent sales. It does, however, foreclose reliance on the general warehouse rule as a sufficient basis for requiring wholesale passage. ABDN must establish that the particular manufacturing transaction falls within a statutory wholesale requirement rather than assume that conclusion from the receiving brewery's retail privileges.

II. RECONCILING FEDERAL BONDED OPERATIONS WITH NEBRASKA LAW

A. Interbrewery Manufacturing Transfers Should Be Evaluated Under Nebraska's Manufacturing Privileges

ABDN correctly identifies Neb. Rev. Stat. § 53-168.06 as requiring authority under the Nebraska Liquor Control Act for regulated activities. The question, however, is whether the manufacturing privileges granted by § 53-123.14 encompass contract production and associated delivery between qualified craft breweries acting in their manufacturing capacities. That question cannot be answered simply by characterizing the receiving brewery as a retailer because it also possesses retail privileges.

The better reading is that delivery undertaken to carry out an authorized brewery-to-brewery manufacturing arrangement falls within the manufacturing relationship, rather than automatically constituting distribution to a retail purchaser. The Commission's express exclusion of Nebraska craft brewery license holders from its mandatory wholesale warehouse rule, 237 NAC 6 § 010.01, supports that interpretation. Although the exception does not independently authorize every transfer, it confirms that the general warehouse requirement cannot supply the missing premise in ABDN's argument.

Federal law provides a separate framework for qualifying transfers without payment of federal excise tax. *See* 26 U.S.C. § 5414(a)(3) and TTB Procedure 2023-1. That framework does not displace Nebraska licensing requirements. It does demonstrate that federal law accommodates

interbrewery movements that must be evaluated according to their actual production activities, ownership arrangements, and tax responsibilities.

Greenbush Brewing Co. v. Michigan Liquor Control Commission, 425 F. Supp. 3d 897 (W.D. Mich. 2019), does not resolve the Nebraska statutory question. In denying preliminary relief concerning Michigan wine and cider restrictions, the court rejected the preemption arguments presented. These comments do not depend on federal preemption. They ask the Commission to recognize the scope of Nebraska's own manufacturing privileges, read together with its craft-brewery warehouse exception.

Accordingly, the Commission should distinguish delivery within an authorized manufacturing arrangement from a purchase of finished beer for a retail business. Whether the receiving brewery may subsequently sell or distribute that beer presents a separate question governed by the privileges and limitations applicable to that subsequent activity.

B. Wholesale Intermediation Is Not a Necessary Feature of Interbrewery Manufacturing

ABDN's proposed wholesale requirement would insert a separate commercial transaction into a brewery-to-brewery manufacturing relationship. The Commission should require a statutory basis for that intervention rather than presume it is necessary because wholesalers ordinarily distribute finished beer into retail trade.

A wholesale license alone does not qualify its holder to receive and hold beer as a brewery under the federal transfer-in-bond framework. Any proposal requiring untaxpaid beer to pass through wholesale premises must therefore explain how the proposed handling would comply with the applicable federal requirements. It should not be assumed that an ordinary wholesale purchase, warehouse receipt, and resale can be substituted for a qualifying interbrewery transfer without changing the transaction's tax or operational treatment.

The Commission's own rule reinforces the need for that analysis. Under 237 NAC 6 § 010.01, Nebraska craft brewery license holders are expressly excluded from the general mandatory wholesale warehouse requirement. Although that exception does not independently authorize every transfer, the warehouse rule cannot itself justify compulsory wholesale passage in the manufacturing arrangements at issue.

The question is therefore whether Nebraska law requires wholesale participation in the particular transaction—not whether wholesalers can provide transportation, recordkeeping, or other useful services. The availability of those services does not establish that they must be purchased as a condition of an otherwise authorized manufacturing relationship.

C. ABDN's Reliance on TTB Industry Circular 2005-02 Is Misplaced

TTB Industry Circular 2005-02 was issued principally to clarify the regulatory distinctions between alternating brewery proprietorships and conventional contract brewing arrangements. The Circular expressly recognized contract brewing as a lawful commercial arrangement, while providing that, under the conventional contract brewing model, the producing brewer retains title

to the beer until removal and remains responsible for applicable federal excise taxes. However, the Circular predates significant subsequent federal legislation and cannot be read in isolation from that legislation.

In 2017, Congress enacted the Craft Beverage Modernization Act, subsequently made permanent in 2020, which amended 26 U.S.C. § 5414 to expressly authorize qualifying transfers of beer, without payment of federal excise tax, between independently owned breweries. TTB Procedure 2023-1 implements these statutory provisions and establishes specific requirements governing interbrewery transfers, including transfers of beer in bulk or packaged form, corresponding production and inventory records, and the assumption of federal excise-tax liability by the receiving brewer. The procedure expressly recognizes circumstances in which a brewery transfers its beer to another brewery for packaging or storage and subsequently receives that beer back.

These subsequent statutory and administrative developments are material to the Commission's inquiry. Although conventional contract brewing and transfers in bond remain legally distinct arrangements, ABDN cannot rely exclusively on Circular 2005-02 to characterize all interbrewery manufacturing relationships as conventional purchases and resales of finished beer.

Moreover, the Commission's existing monthly gallonage reporting framework provides a mechanism for documenting interbrewery transfers and reconciling beer production, inventory, and excise-tax obligations. To the extent the Commission's reporting forms expressly contemplate transfers in bond between craft brewery licensees, that established administrative practice further supports distinguishing legitimate manufacturing transfers from wholesale distribution into retail trade.

The Commission should therefore evaluate these transactions under the applicable federal and Nebraska statutory frameworks, rather than adopt ABDN's categorical characterization of interbrewery manufacturing arrangements as wholesale transactions requiring independent distributor involvement.

D. Federal Tax Consequences Do Not Establish a Nebraska Wholesale Requirement

ABDN identifies a potential federal excise-tax disadvantage when a receiving brewery removes beer that it did not produce. That consequence is relevant to the brewery’s choice of operating arrangements and should be accurately disclosed. It does not, however, independently establish that Nebraska law requires a wholesaler to participate.

Federal tax eligibility and Nebraska licensing authority present separate questions. The applicable federal rate depends on the actual production, transfer, and removal arrangements under 26 U.S.C. § 5051 and TTB Procedure 2023-1. Wholesale participation alone does not determine eligibility for a reduced federal rate.

The Commission should determine the authority for the manufacturing transaction under Nebraska law and evaluate any applicable reporting and compliance requirements. If wholesale involvement is asserted to be mandatory, that requirement must rest on the Nebraska Liquor Control Act or a

valid implementing regulation. It cannot be derived merely from the possibility that a brewery might incur a higher federal tax rate under a different operating arrangement.

ABDN's federal tax comparison may inform the economic discussion. It does not resolve the legal question before the Commission.

III. NEBRASKA EXCISE TAX REQUIREMENTS CAN BE ADDRESSED WITHIN THE MANUFACTURING RELATIONSHIP

ABDN argues that interbrewery transfers create uncertainty under Neb. Rev. Stat. § 53-164.01 because the producing brewery may lack knowledge of when the receiving brewery releases the beer from bond for sale. That concern warrants clear reporting requirements. It does not, standing alone, establish that a wholesaler must participate in the underlying manufacturing transaction.

Nebraska's tax requirements must be analyzed separately from federal tax liability. Section 53-164.01(1)(d) requires a craft brewery to report by the twenty-fifth day of the month following release from bond for sale, while describing the report in terms of beer produced for sale by that brewery. Federal rules governing the transfer of federal excise-tax responsibility do not themselves determine which brewery must report and pay Nebraska tax.

The Commission should therefore clarify how these provisions apply to an authorized manufacturing arrangement involving more than one brewery. Its guidance should identify the responsible taxpayer, the event triggering reporting and payment, and the records each participant must maintain. Written agreements and corresponding production, transfer, receipt, and release records can provide the information needed to reconcile the breweries' reports and verify that the applicable Nebraska tax is properly accounted for.

ABDN also contends that a producing brewery's dependence on information from the receiving brewery necessarily creates a prohibited interest in the receiving brewery's retail business under § 53-169. That conclusion does not follow merely from a need to exchange tax-reporting information. The Commission should examine the actual ownership, financing, and operational terms of the agreement, together with the craft-brewery provisions of § 53-169(2).

The initial manufacturing transfer must also be distinguished from subsequent distribution. Section 53-123.14(2)(b) restricts a craft brewery's self-distribution to beer brewed at its licensed brewery premises and prohibits self-distribution of beer produced by another licensee. These comments do not claim that receiving contract-brewed beer automatically makes it eligible for the recipient's self-distribution allowance. That downstream limitation does not itself determine whether delivery within the preceding manufacturing relationship requires wholesale intermediation.

The appropriate response to a tax-reporting question is a supported interpretation of Nebraska's tax provisions and enforceable reporting requirements. Tax-administration concerns should not substitute for identifying a statutory requirement that a wholesaler participate in the manufacturing transfer.

IV. MANDATORY WHOLESALE INTERMEDIATION HAS ECONOMIC CONSEQUENCES THAT MUST BE CONSIDERED

ABDN invokes the financial interests of craft breweries to support its proposed treatment of contract-brewed beer. Its analysis identifies a potential federal excise-tax disadvantage but does not account for the commercial cost of requiring a wholesaler to participate in a transaction between manufacturers.

The federal tax difference deserves acknowledgment. Assuming eligibility for the $3.50 rate in one arrangement and application of the $18 rate in another, the difference is $14.50 per barrel. On ABDN's example of 1,419 barrels, that amounts to $20,575.50. Whether those rates apply depends on the actual production and removal arrangements. The comparison does not establish that wholesale intermediation is the less expensive alternative.

A separate illustration shows why distribution costs also matter. Assume 1,260 barrels, equivalent to 2,520 half-barrel kegs, and a distributor resale price of $175 per keg. Total distributor sales revenue would be $441,000. At an assumed gross margin of 30 percent of that revenue, the distributor's gross profit would be $132,300, before its operating expenses. These figures are illustrative assumptions, not findings about prevailing prices, a particular distributor's charges, or the terms of any proposed agreement.

The distributor's gross profit would not necessarily appear as a separate charge to the contracting brewery. The economic effect could instead appear through the price paid to the producing brewery, the price charged to the purchasing brewery, or other negotiated terms. The burden on a particular brewery therefore requires an actual comparison of the available arrangements. Nevertheless, requiring an additional commercial participant can introduce costs that ABDN's federal-tax comparison does not address.

For perspective, the assumed $132,300 distributor gross profit in this illustration substantially exceeds the $18,270 federal tax difference on the same 1,260 barrels. This comparison does not establish a dollar-for-dollar loss to a brewery. It demonstrates why the federal tax difference alone cannot establish the economic merits of mandatory wholesale involvement.

Wholesalers may provide valuable services in distributing beer into retail trade. The question here is whether those services should be compulsory within a brewery-to-brewery manufacturing relationship. The Commission should consider the actual services required, their costs, and the alternatives before accepting the proposition that mandatory intermediation protects craft breweries financially.

ABDN's economic argument cannot substitute for the necessary statutory analysis. A potential federal tax disadvantage does not itself establish a Nebraska requirement to insert a wholesaler into an otherwise authorized manufacturing transaction.

V. CONCLUSION & REQUESTED ACTION

Contract manufacturing and bonded transfers represent lawful, established operational flexibilities

within Tier 1 that allow Nebraska craft breweries to optimize capital investments, manage capacity fluctuations, and keep brewing jobs and agricultural spending inside Nebraska. The Commission should reject ABDN's request to impose wholesale intermediation onto intra-tier manufacturing operations. Specifically, Dot Provisions, LLC requests that the Commission:

1. **Affirm Tier 1 Service Authority:** Clarify that contract manufacturing and custom packaging performed by a licensed Class L host brewery for a licensed Class L brand owner constitute lawful manufacturing activities under Neb. Rev. Stat. § 53-123.14(1).
2. **Exclude Authorized Manufacturing Transfers from the Retail Cap:** Recognize that delivery within an authorized brewery-to-brewery manufacturing arrangement does not constitute a direct sale for resale to a retail licensee merely because the receiving brewery also possesses retail privileges, and therefore should not count against the 250-barrel limitation in § 53-123.14(2)(a).
3. **Reject Forced Wholesale Intermediation:** Distinguish manufacturing transfers from transactions governed by wholesale distribution and franchise requirements, and identify the statutory basis for any required wholesale participation.
4. **Require Standard Evidentiary Records:** Confirm that Class L licensees engaging in contract brewing must maintain standard compliance records for Commission audit: (a) valid TTB Brewer's Notices for both facilities, (b) executed written contract brewing agreements, (c) federal in-bond transfer records (transfer invoices or commercial records, corresponding daily brewery records, and applicable federal operational reports), and (d) timely Nebraska monthly excise tax filings upon release from bond.
5. **Seek Attorney General Guidance if Necessary:** If the Commission remains uncertain whether Nebraska's craft-brewery manufacturing privileges encompass the interbrewery arrangements described above, Dot Provisions, LLC requests that it seek a written opinion from the Nebraska Attorney General before imposing a categorical wholesale-participation requirement. The request should distinguish delivery within a manufacturing relationship from subsequent retail sales or distribution and address the applicable Nebraska excise-tax responsibilities.

Respectfully submitted,

/s/ Bill Schellpeper
Manager
Dot Provisions, LLC
bill@siebertschellpeper.com
402-613-7845

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Watson, Mark; Mortensen, Amanda
Subject: FW: Contract Brewing
Date: Thursday, October 29, 2026 12:37:35 PM
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NLCC Contract Brewing 102826.pdf

From: Brandt Erwin <erwin@mdh-law.com>
Sent: Thursday, October 29, 2026 11:57 AM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Cc: Marissa Powers <powers@mdh-law.com>; Kristin Crawford <kcrawford@abdne.org>
Subject: Contract Brewing

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Good morning,

As requested at the October 19, 2026, NLCC meeting, and on behalf of the Associated Beverage Distributors of Nebraska, attached is written correspondence summarizing prior testimony related to the current status of contract brewing in Nebraska.

Thank you for your consideration.

Brandt Erwin

BRANDT F. ERWIN | ATTORNEY

Madigan, Dahl & Harlan, P.A.
A NATIONAL BUSINESS LAW FIRM
33 South Sixth Street, Suite 3675
Minneapolis, MN 55402 T 612.604.2590 F 612.604.2599

bio | website | map

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Madigan Dahl & Harlan P.A

Brandt F. Erwin
(612) 604-2590 erwin@mdh-law.com

33 South Sixth Street, Suite 3675
Minneapolis MN 55402
T (612) 604-2000 **F** (612) 604-2599 mdh-law.com

October 29, 2026

VIA EMAIL ONLY

Chairman Judge J. Michael Coffey
Commissioner Robert "Bud" Synhorst
Commissioner Jim Elworth
301 Centennial Mall South
PO Box 95046
Lincoln, NE 68509-5046

Re: Contract Brewing

Dear Chairman Coffey, Commissioner Synhorst, and Commissioner Elworth:

As requested during the October 19, 2026, meeting of the Nebraska Liquor Control Commission ("NLCC"), we submit this letter on behalf of the Associated Beverage Distributors of Nebraska ("ABDN") to summarize the current legal state of contract brewing in Nebraska. We appreciate the prior opportunity to present testimony and are hopeful that this letter helps to further clarify the general status of contract brewing in Nebraska.

There are two federal allowances relevant to the matter of contract brewing: the federal allowance for contract brewing in general and the federal allowance allowing a bond-to-bond to transfer.

In short, contract brewing under federal law is an allowance whereby a party hires a third-party brewer to produce beer for him/her. *See* Alcohol Tax and Trade Bureau ("TTB") Industry Circular 05-02. The contracted brewer is the manufacturer of the beer, possessing title to the product, responsible for keeping brewery records, labeling the beer with its name and address, and obtaining required certificates of label approval ("COLAs"), and paying tax at the appropriate rate upon removal of the beer from the brewery, subject to the bond-to-bond allowance. The contracting party is not a brewer under federal definitions for that beer.

A bond-to-bond transfer is a federal allowance related solely to the imposition of taxes, nothing more and nothing less. *See* TTB Procedure 2023-1. As of 2020, beer may now be moved from one brewery to another brewery, regardless of common ownership between the brewers, without the payment of federal tax. Instead, the obligation to pay the

applicable tax falls on the receiving brewer. The receiving brewer is not entitled to the reduced federal tax rate of $3.50 per barrel on the first 60,000 barrels. Instead, assuming the beer is packaged, the receiving brewer is required to pay $18 per barrel.

Neither the federal contract brewing allowance, nor the federal bond-to-bond transfer allowance, dictate the manner in which the beer is transferred to the contracting party, the manner in which the receiving brewer resells the beer, or changes the obligations on the contracting party to obtain and hold all relevant federal and state licenses and permits.

In other words, while federal standards interpreting the Federal Alcohol Administration Act permit a contract brewing relationship as an ordinary business relationship, and a bond-to-bond transfer contemplates the transfer of product from one brewery premise to another, those federal structures do not give brewers carte blanche to operate in any manner they deem appropriate within a specific state. That is specifically left up to the states to determine, through the application of the Twenty-First Amendment to the United States Constitution, which delegates to the states control over how alcohol is transported and distributed within its borders.

The Nebraska legislature has spoken directly to what is legally permissible for brewers in Nebraska, and Adam Barney's correspondence to the NLCC dated October 19, 2026, succinctly and accurately summarizes that legally permissible conduct. In short, and as described in detail in that correspondence, manufacturers are permitted to sell alcoholic liquor to wholesale licensees in Nebraska. Neb. Rev. Stat. § 53-123.01. Craft brewers may similarly sell to beer wholesalers for sale and distribution to licensed retailers. Neb. Rev. Stat. § 53-123.14(1). Craft brewers are also allowed to directly sell up to two hundred fifty barrels to retail licensees located in Nebraska which hold the appropriate retail license. Neb. Rev. Stat. § 53-123.14(2)(a).

The contracting brewer may not obtain the beer from the contracted brewer and then resell that beer to a wholesaler. The Nebraska Liquor Control Act makes clear that "except as provided in subsection (2) of section 53-123.14, the Nebraska Liquor Control Act shall not be construed to permit the holder of a craft brewery license . . . to engage in the wholesale distribution of beer." Neb. Rev. Stat. § 53-169(2); *see also* Neb. Rev. Stat. § 53-171. Purchasing product (from the producing/contracted brewer) for purposes of reselling that product (to a licensed wholesaler) is clearly engagement in the wholesale distribution of beer. This is consistent with TTB standards, which provide that any person receiving beer under a contract brewing relationship that seeks to resell that beer to a dealer, as opposed to a consumer, must hold a federal basic permit as a wholesaler. *See* TTB Industry Circular 05-02.

Nor can the contracting brewer self-distribute the beer under subsection (2) of section 53-123.14. That is because Nebraska law only permits craft breweries to self-distribute product "produced at its licensed premises." Neb. Rev. Stat. § 53-123.14(2)(b). Beer produced under a contract brewing arrangement is not produced on the contracting brewer's licensed premises.

It is not the goal of ABDN to block or prohibit Nebraska breweries from engaging in a contract brewing relationship. However, if a brewer elects to engage in such behavior, they are required to abide by both the allowances and restrictions provided for in existing Nebraska law.

We thank you for your consideration.

Very Truly Yours,

MADIGAN, DAHL & HARLAN, P.A.

s/ Brandt F. Erwin

Brandt F. Erwin

From: Ahwazi, Dina on behalf of LCC Front Desk
To: Chaffee, Micah; Watson, Mark; Mortensen, Amanda
Subject: FW: Support for Contract Brewing in Nebraska
Date: Friday, October 30, 2026 12:39:52 PM
Attachments: image.png

From: Jason McLaughlin <jmclaughlin@boilerbrewingcompany.com>
Sent: Friday, October 30, 2026 12:21 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: Re: Support for Contract Brewing in Nebraska

> You don't often get email from jmclaughlin@boilerbrewingcompany.com. Learn why this is important

Dear Executive Director Chaffee and Members of the Commission,

I am writing on behalf of Boiler Brewing Company in Lincoln to urge the Commission to continue allowing licensed Nebraska breweries to engage in contract brewing.
While our company has not relied on contract brewing, and has instead competed with breweries that utilize this business model, we recognize and appreciate that it is an important option available to breweries. As long as breweries are operating within the applicable requirements, we believe the decision to utilize contract brewing should be left to the individual businesses.

This is a difficult and crucial time for the craft brewing industry. Breweries across Nebraska are facing challenges, and it is more important than ever that we do what we can to support the industry and the businesses that contribute to its growth, character, and economic impact in our state. Contract brewing provides breweries with another business option that can help them remain competitive, adapt to changing market conditions, and continue serving their communities.

Thank you for your time and consideration.

Sincerely,

Jason McLaughlin
Brewmaster
Boiler Brewing Company
jmclaughlin@boilerbrewingcompany.com
129 North 10th Street

Suite 8
Lincoln, NE 68508
Cell: 402-570-4427

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From: Ahwazi, Dina on behalf of LCC Front Desk
To: Mortensen, Amanda; Watson, Mark
Subject: FW: Nebraska Contract Guidancet Brewing
Date: Friday, October 30, 2026 2:59:30 PM
Attachments: ATT00001.png
Nebraska Contract Brewing Guidance.docx

From: Mike Wehr <mike@biggrovebrewery.com>
Sent: Friday, October 30, 2026 2:13 PM
To: LCC Front Desk <LCC.frontdesk@nebraska.gov>
Subject: Nebraska Contract Guidancet Brewing

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NLCC

Good afternoon. At the request of the commissioners from the NLC meeting on 10-19 I am submitting my comments on Contract Brewing in Nebraska.

Thanks for taking the time to consider these options.

Mike

--

Mike Wehr
Chief Operating Officer
319-329-6453
Mike@biggrove.com
CEDAR RAPIDS | DES MOINES | IOWA CITY | OMAHA | PRAIRIE VILLAGE | SOLON



Contract Brewing Guidance

Big Grove Brewery

Mike Wehr

Chief Operating Officer

October 28th, 2026

To Whom it May concern

Big Grove Brewery would like to voice their support for guidance to be written that allows Contract Brewing and Bond to Bond transfer to continue in the state of Nebraska.

In making this decision, it is important to understand the state of brands and contract manufacturing across the United States. Contract Manufacturing continues to grow in hundreds of different industries across the United States. Contract manufacturing is currently a 250 billion dollar industry, slated to grow to 375 billion by 2031.

Starting a brand used to require intense capital; you had to purchase the manufacturing equipment for production, spend significantly with retailers through slotting fees to get your product on shelf and then spend marketing dollars to support sales for those retailers.

In today's world, you can start a brand overnight, utilize a contract manufacturer for production, create a website for your go to market strategy and spend significantly smarter with targeted ads to your core consumer. Due to this, a brand life cycle is much shorter than in years past. While you can spin up a brand quickly, you can't invest the capital because there is always something new and brand loyalty-longevity is the shortest it has ever been.

In recent years, the alcohol industry has seen contract brewing occur with brands like Garage Beer, Outlaw, Good Boy, Carbliss and many more. All of these brands have used

contract manufacturing to expand their distribution without the capital intensive investment to expand or build their own manufacturing facility.

At the same time, the brewing-beer industry continues to decline in volume leaving excess capacity all around the US. There is a brewery auction weekly. If you look at the amount of closures and small businesses that are folding due to the decline it is staggering. In the past two years, ZipLine, Nebraska Brewing Company, Lucky Bucket have all closed their manufacturing facilities.

One way for these businesses to survive, win or thrive is contract brewing. It is the smartest way (or the only way) brands will start in today's tough economic environment due to the risk being too large to build your own manufacturing facility. Ultimately, if Nebraska doesn't come up with a way to support contract brewing, it is going to limit the potential success of all Nebraska Breweries because they will not be able to keep pace with nationwide trends.

Big Grove provides a real world example of how Nebraska's current laws are suffocating investment and growth in Nebraska's brewing industry.

Big Grove Brewery operates 6 tap rooms (Solon IA, Iowa City, IA, Cedar Rapids, IA, Des Moines, IA, Prairie Village, KS, Omaha, NE). Each location has a small brewery that produces 4-5 tap lines for that specific location. We also run a larger production facility in Iowa City, IA that supports our tap rooms with beer and the On Premise-Off Premise accounts. The other 15 lines offered in our tap rooms are produced in Iowa City, move through the 3 tier system and are bought back by our satellite tap rooms through our distribution partner.

In the past two years Big Grove has demonstrated that this model works; not only in Iowa but also beyond Iowa's borders and in Kansas at its Prairie Village location. The Kansas location is thriving and has had a significant impact on the local economy.

Big Grove's proven model isn't allowed in Nebraska because Big Grove is only able to secure a manufacturer license; it is not allowed to operate as a craft brewery. The result - Big Grove's capacity at its Big Grove Omaha location is capped at what it produces on sight, which is a quantity that is insufficient to serve its customers' needs.

Big Grove is not alone in this struggle. The commission heard multiple brewers testify at last week' s hearing that they rely upon manufacturers to perform contract brewing to keep their doors open, as they do not have the equipment to fully service their customer bases.

One of the challenges with contract brewing is how it interacts with the three tier system, particularly the distribution tier of the system.

As mentioned above, there is one fundamental difference in the laws within the state of Iowa vs the state of Nebraska. Within the state of Iowa if we produce a beer at a specific tap room location, it can be sold at that sole location without going through the three tier system. If it is made at a separate location, it can't be transferred to another location without going through the distribution network. Therefore, If we brew a beer in Iowa City and we want to sell it/serve it within our Cedar Rapids taproom, it has to go through our distribution network. We sell it/ship it to the distributor, they apply their normal mark up and they sell it back to our Cedar Rapids tap room.

Comparably, Nebraska, 53-123.14 allows a Craft Brewery to ship to up to 8 physical locations without using a distributor partner, at all. This allows a lot of beer production to skip the three tier system and allows it to be sold in tap rooms without a traditional mark up.

We would ask that you consider modeling "contract brewing" regulation after Iowa's transfer laws. Doing so, could facilitate a path forward to help establish a clear opportunity in contract brewing, while also honoring the distribution tier of the three-tier system.

From our perspective, there are two options for creating contract brewing regulations:

Option 1: Contract Brewer produces the product, packages the liquid to the brand specifics and ships it to the distribution network directly at an agreed upon price. Contract Brewer receives payment from the Distributor and pays the brand their agreed upon mark up/margin. If the brand wants to sell the contract brewed beer in their tap room they can buy it back from the distributor for sales at the tap room.

Option 2: Contract Brewer produces the product, bond to bond transfer to the branded brewery license. Any tap room sales at that single (1) branded brewery license location are allowed. Any product that goes to other retail licenses or any satellite location within Nebraska has to go through the distribution network.

Option 2 would be the cleanest for taxes, accounting reconciliation, standard courses of business. However, without changes to 53-123.14 and the amount of locations that a contract brewer can self distribute-transfer product to, it would be difficult to police as craft brewers could receive the contract product and then self-distribute it. This would leave the door for bypassing distributors wide open for craft brewers.

As such, we'd suggest implementation of Option 1.

Contract brewing is going to be a key business driver for breweries with excess capacity. It is a way for them to create revenue streams and maximize their past investment in manufacturing equipment. It is also a key driver for new alcohol brands to develop. Thus, all interested parties should work together to create guidelines or new law to make this opportunity a reality for Nebraska businesses. It is our hope that as these guidelines are created some consideration would be given to allowing any entity that sells alcohol on its premises to engage in contract brewing, so long as the alcohol purchased is purchased through a licensed distributor.

Thanks for considering my input.

Sincerely,

Mike Wehr