STATE OF NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY DIVISION OF ALCOHOLIC BEVERAGE CONTROL

AN 2025-02

ADVISORY NOTICE TO THE INDUSTRY REGARDING AMENDMENTS TO CURRENT PRICE LISTS ("CPLs") DUE TO TARIFFS IMPOSED BY THE FEDERAL GOVERNMENT

The Division of Alcoholic Beverage Control (the "Division") is aware that the alcoholic beverage industry, specifically the craft beer manufacturing segment, is being impacted by new tariffs imposed by the Federal Government. Effective March 12, 2025, the Federal Government imposed tariffs of 25% on aluminum and steel imports. No countries are exempt from the tariffs.

Over the years, there has been an increase in the use of cans as a preferred packaging method in the brewery industry. In 2023, the use of aluminum cans grew almost 4% by volume compared to the prior year. Early 2025 sales data shows that aluminum cans accounted for approximately 75% of packaged craft beer's volume and revenue. Most of the aluminum used to manufacture cans is from imported sources. See Steel and Aluminum Tariffs Go Into Effect Globally | Brewers Association.

The federally-imposed tariffs on imported aluminum are likely to have an impact on the prices of alcoholic beverages produced by New Jersey's craft manufacturers, especially those in the craft beer industry that package their products in aluminum cans. In particular, the Division received correspondence from the New Jersey Brewers Guild (the "Guild") explaining the potential economic hardship on their members resulting from the tariffs on aluminum.

Licensees or registrants authorized to sell their alcoholic beverage products to retailers are required to file a Current Price List ("CPL") every month. CPLs must be filed no later than the 15th of each calendar month and become effective the first day of the following calendar month. These CPLs contain the prices, discounts, and terms and conditions of sale that are in effect for the entire month. See N.J.A.C. 13:2-24.6(a)(4). Amendments or changes to a CPL are not permitted, except upon approval of the Director to correct bona fide clerical errors. See N.J.A.C. 13:2-24.6(a)(5). However, the regulations do contemplate that additional amendment requests may be considered by the Director pursuant to N.J.A.C. 13:2-9.1.

In accordance with N.J.A.C. 13:2-9.1, the Director has the authority to relax the provisions of N.J.A.C. 13:2-24.6(a)(4) upon a showing of undue hardship (economic or otherwise); that the waiver of the rule would not unduly burden any affected parties; and that the waiver is consistent with the underlying purposes of Title 33 and the regulations promulgated thereunder.

Given the likely increase in the cost of aluminum cans as a result of the tariffs, the Guild has requested that the Division consider these tariffs to be an "economic hardship" justifying relaxation of N.J.A.C. 13:2-24.6(a)(4) under the standards set forth in N.J.A.C. 13:2-

9.1. Without such relief, the Guild is concerned that the breweries will need to make pricing adjustments for products due to higher aluminum can costs, but will be unable to do so until the following month. The Guild represents that, since small craft breweries do not have long-term established contracts with aluminum can vendors, they will have to purchase the aluminum cans at market prices and will be forced to bear the economic brunt of the tariffs, resulting in economic hardship unless given the ability to amend the CPLs.

The Division has reviewed the Guild's request and accepts its representation that the tariffs on imported aluminum are likely to result in price increases that may need to be adjusted after a CPL is filed. The Division will require each licensee seeking to amend its prices in a filed CPL to file an amendment request and demonstrate how it satisfies the criteria in N.J.A.C. 13:2-9.1. Specifically, a licensee seeking relief must demonstrate that: (1) the tariffs create an undue economic hardship on them; (2) an amendment to prices will not unduly burden other affected parties; and (3) the relaxation is not otherwise inconsistent with the Alcoholic Beverage Control Act. Licensees seeking relaxation will need to file their amendment request on POSSE by completing the "Certification In Support of Petition to Amend Current Price List" form, together with any supporting documentation, as required in the normal course.

The Division notes that it will also consider petitions for relaxation of N.J.A.C. 13:2-24.6(a)(4) pursuant to N.J.A.C. 13:2-9.1 from any licensee that is adversely affected by the imposition of the new tariffs.

This Advisory Notice does not impose any new or additional requirements that are not required by statute or regulation and does not establish any rights or obligations for any person. This document does not provide legal advice and should not be treated as providing legal advice. Licensees should speak to a qualified attorney for legal advice or contact the Division with specific questions related to this Advisory Notice.

Any general questions concerning this Advisory Notice should be directed to Cynthia Bassett at Cynthia.Bassett@njoag.gov. Any legal questions concerning this Advisory Notice should be directed to Jillian Mahoney at Jillian.Mahoney@njoag.gov.

KIRSTIN L. KRUEGER INTERIM DIRECTOR

Dated: April 29, 2025