

State of Louisiana
Office of Alcohol and Tobacco Control

John Bel Edwards
Governor



Juana Marine-Lombard
Commissioner

January 25, 2019

**NOTICE TO WHOLESALERS
(Regarding High Alcohol Content Discounts)**

This notice will address the following that all wholesalers have until April 1, 2019 to come into compliance with:

1. Volume Discounts
2. "Charge Backs" to retailers
3. "Free Goods"

VOLUME DISCOUNTS

Louisiana law permits the offer of volume discounts for high alcohol content products to retailers. However, the discount must be offered equally to all retailers and shall only apply to single orders from a specific permitted location.¹ Retailers are prohibited by law from self-distribution, so an owner of multiple permitted locations may not combine orders for multiple locations to obtain a greater discount.² Each retail location must be invoiced separately.

"CHARGE BACKS"

A wholesaler may "charge back" the difference between the price offered at an agreed upon quantity and the price the retailer should have paid for the quantity actually received. The retailer must purchase the quantity needed to satisfy a volume discount. If the retailer fails to purchase the agreed upon quantity or returns a portion of the products needed to obtain the volume discount, the final sale price must be adjusted to reflect this. Failure to comply with this guidance would amount to a benefit to one retailer that is not offered to others.

"FREE GOODS"

Offers of free products if a certain volume is purchased and channel pricing within permit types are prohibited by law.³ As stated herein above, Louisiana law allows for volume discounts for high alcohol content products as long as they are fair. There is no legal provision which would

¹ See LAC 55:VII.317(C)(1) on prohibition of exclusive outlet and tied house arrangements.

² See La. R.S. 26:359(A) on distribution of alcoholic beverages through wholesalers only.

³ See La. R.S. 51:422(A) on sales at less than cost or to lessen competition being unlawful

allow a wholesaler to market free product or issue an invoice which reflects free product provided to a retailer.

Sincerely,

A handwritten signature in cursive script, appearing to read "Juana Marine-Lombard".

Juana Marine-Lombard, Commissioner
Louisiana Office of Alcohol and Tobacco Control