



BEHIND THE BAR

SD Licensed Beverage Dealers & Gaming Association Newsletter

THE CHOICE AND THE VOICE FOR BEVERAGE ALCOHOL RETAILERS & VIDEO LOTTERY OPERATIONS
IN SOUTH DAKOTA

February 2025

SDLBD Legislative Hog Roast & Legislative Update





The SDLBD hosted the annual Legislative Hog Roast in January at Red Rossa in Pierre. It was a great time to network with legislators and discuss issues relevant to our industry. Members are always welcome and hope to have more join us next year!

Legislative Update

Governor Kristi Noem was confirmed by the U.S. Senate on January 25, 2025, to become the Secretary of the Dept. of Homeland Security. She was sworn in shortly afterward and then resigned as South Dakota's Governor making Lt. Governor Larry Rhoden SD's 34th Governor and an Inauguration was held on February 8th. Tony Venhuizen was named Lt. Governor and confirmed by the Senate and House.

The big issues for the Legislature have included reducing owner occupied property taxes, educational savings accounts (ESAs) and eminent domain. It is also a lean budget year which is difficult, especially as this has been high of brand new legislators.

SDLBD has their full time lobbyist monitoring and working on behalf of our membership. Here is bills we have been watching:

- [House Bill 1079](#) - An Act to increase the number of off-sale licenses from two to three in municipalities and counties of one thousand or less. Has Passed the House 53-15.
- [Senate Bill 47](#) - An Act to clarify eligibility for licensure as a video lottery operator. Has passed both the House and Senate. Waiting for the Governor Rhoden to sign.
- [Senate Bill 129](#) - An Act to modify renewal fee requirements for an on-sale liquor licensee whose business premises have been annexed into a municipality of the first class. Has passed Senate 34-0.
- [Senate Bill 130](#) - An Act to authorize the shipment of distilled spirits direct to consumers, and to provide a penalty therefor. Died in Senate Commerce and Energy 5-2.
- [Senate Bill 200](#) - An Act to provide for the sale of vintage distilled spirits to certain on-sale licensees. Has not been heard in Senate Commerce and Energy yet.

- [Senate Bill 203](#) - An Act to increase the minimum age to purchase a lottery ticket. Passed Senate Commerce and Energy 5-3.
 - [Senate Bill 205](#) - An Act to increase the limit on the number of video lottery machines in a licensed establishment. Passed Senate Commerce and Energy 5-3.
 - [Senate Bill 206](#) - An Act to increase the dollar limit for playing video lottery. Died in Senate Commerce and Energy 5-3.
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Reserving Training Reminder!

SD Licensed Beverage Dealers & Gaming Association wants to remind our members of our educational partnership with **Rserving®**, Professional Server Certification Corporation.

Rserving® is the easiest, most affordable, and highest quality method of obtaining your certification. Rserving® (Responsible Serving®) offers food and alcohol certification / compliance training for bars, restaurants, liquor stores, and C-stores. Upon course completion, you will receive your official wallet card, or certificate. Rserving® is rated A+ by the BBB.

This opportunity is a more affordable and instant way to receive high quality alcohol certification. Alcohol training courses start at only \$8.95 and there are employer discounts if you need trainings for more than one employee.

The other great thing about this new partnership is that there are so many online interactive compliance training courses available to custom fit your establishment's needs. These classes include:

- **Responsible Serving of Alcohol**
- **Off-Premise Responsible Serving of Alcohol**
- **Responsible Serving of Tobacco**
- **SD Food Safety for Managers Training**
- **SD Food Managers Recertification**
- **Food Safety for Handlers**
- **Table Service/Hospitality Course**
- **Bartender Mixology**
- **Advanced Wine Knowledge**
- **Liquor Knowledge**

Go to <https://sdliquortraining.com> or check out our website under Education tab to find out more information!

ABL Update

FTC Complaint against Southern Glazer's Wine & Spirits

Below are some of the Federal Trade Commission's (FTC) [complaint](#) against Southern Glazer's Wine & Spirits (SGWS). Recall that the initial complaint was heavily redacted, and that FTC and SGWS have been in court concerning the release of an unredacted version of the complaint. The sections below were redacted in the initial complaint. Some previously redacted excerpts include:

“Southern routinely charges small, independent retailers as much as 12% to 67% more for the same bottles of certain wine and spirits than national and regional chains in the exact same geographic area.”

“Southern employees discussed offering discounts that only a large national chain could access so as to ‘not have the erosion in [the] remainder of [the] market’—i.e., to ensure that smaller businesses would continue to pay higher prices to acquire the same products.”

“Southern employees intentionally structured a multi-supplier deal for a different large national retailer so as ‘to protect the pricing’ from being captured by “the rest of the market.”

“ Southern offered large national chains secret special deals at favorable prices that it withheld from small independent businesses.”

“internal Southern documents confirm that price discrimination against small businesses is the norm: ‘Retailers in one channel may receive a discount that a retailer in another channel does not receive.’”

“Southern’s chain customers often purchase products from Southern through their own proprietary systems or third-party applications. These systems allow large chain retailers to view secret prices, promotions, and discounts, and place direct orders with Southern.”

“Favored chain retailers know they receive discriminatory prices because of Southern’s tiered pricing schedules and their engagement in special solicitations and negotiations with Southern.”

“Southern’s discriminatory prices to favored chain customers are effectuated through a variety of mechanisms. Those mechanisms include large, high-volume quantity discounts, cumulative quantity discounts, channel pricing, scan rebates, special or “hard coded” pricing, retroactive price reductions on inventory already held by favored large chain customers, and delayed implementation of price increases for certain favored customers.”

“Southern’s deal identification database includes many deals that are explicitly named and created for particular large chain retailers.”

“Internal Southern documents confirm that this practice results in price discrimination among retailers: ‘Retailers in one channel may receive a discount that a retailer in another channel does not receive.’ Apparently recognizing that customers would be upset when they learned that they were not offered the same deals, Southern informed its employees that “[p]ricing for other channels is a proprietary trade secret.”

“At times, Southern delays price increases or honors expired pricing for favored large chain retailers, while disfavored independent retailers are charged the higher price.”

“The largest quantity deals often are not displayed on Proof, the online purchasing platform that Southern encourages independent retailers to use.”

“Southern executives acknowledge that large quantity discount deals and cumulative quantity discount deals are unlikely to be communicated to disfavored independent retailers by their assigned Southern sales representatives because it is generally known that many such customers cannot meet the required purchase volumes due to their smaller scale, limited storage space, or inability to make large cash-on-demand payments upfront for wine and spirits purchases.”

“In other instances, favored chain retailers are advised months in advance of a particular deal that, for all other customers, is only active for a very short window, as little as a week or even a single day, rendering it unlikely a disfavored independent retailer would become aware of the deal through Proof or via direct communications with a sales representative.”

“Southern’s acts of price discrimination involved substantial price differences between competing retailers (i.e., a favored chain retailer and a nearby disfavored independent retailer) in millions of transactions over multiple months and years. In certain transactions, disfavored independent retailers paid as much as 32% to 78% more than competing favored retailers.”

What’s Next: The court has scheduled a hearing for April 24, 2025 to address a motion filed by SGWS to dismiss the case for “Failure to State a Claim Upon Which Relief Can Be Granted” which means SGWS does not believe the FTC’s complaint presents sufficient facts to establish a valid legal claim, even if all the alleged facts are true, and therefore should be dismissed by the court.

Johnson Brothers Pricing List can be found [here](#).

Contact Us!

Please feel free to reach out to the association at anytime if there is something we can do for you at info@sdliquor.com

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