



BEER WORTH FINDING
**VERMONT BREWERS
ASSOCIATION**

April 30, 2020

Joan Goldstein, Commissioner
Vermont Department of Economic Development
One National Life Drive
Deane C. Davis Building, 6th Floor
Montpelier, VT 05620

Dear Commissioner Goldstein:

We are writing today to appeal to you, as the leader of the Employer Financial and Technical Support Action Team of Governor Scott's Economic Mitigation and Recovery Task Force. Thank you for your willingness to serve in this capacity to help the Vermont economy weather the greatest challenge in all of our lifetimes.

As you know, the craft beer industry is an important part of the Vermont economy, with 66 breweries employing about 2,890 Vermonters, with an average annual wage of \$41,500. The vast majority of Vermont's breweries are small businesses, an industry that generates \$362M of economic activity in Vermont annually.

As a result of the COVID19 shutdown breweries across Vermont are being impacted in a myriad of ways. Nearly all have reported negative impacts, with a majority reporting both a slowdown in production and anticipated layoffs as they have had to close their taprooms, cancel events, and see reduced distributor orders, most notably a reduction in draught sales. The closures of on-premise establishments are clearly necessary from a public health perspective, but it is extremely challenging for businesses whose primary revenue streams come from these on-premise sales.

Some breweries have been able to temporarily shift all resources toward packaging beer for retail sales, although, for some brands, even those sales are lagging. Some breweries are also providing home delivery and curbside sales of packaged beer. Unfortunately, that is not an option for those breweries that rely solely or primarily on draught and taproom sales and do not have a packaging operation.

The Vermont Brewers Association was founded in 1995 to promote and strengthen the culture of craft brewing in Vermont through marketing, education, and advocacy for Vermont made beer.

As with many businesses, the biggest challenge for breweries is that much of their cost structure hasn't stopped, e.g. loan payments, rent, insurance, etc., but their revenue has. Without cash coming in, they won't be able to pay bills. The CARES Act was a good first step, but small service businesses that have been forced to close or severely curtail their offerings will need more support if they are required to remain closed for much longer.

We thought it would be valuable to share a number of government actions our members have suggested that would help Vermont breweries recover from this major economic blow. These ideas are listed below, with no specific ranking:

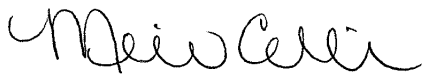
1. We are projecting a 70% reduction in overall sales in 2020 from that of 2019. Based on production statistics, we conservatively estimate that that reduction will impact our industry with a \$50M loss. We ask that you allocate \$50M from the Coronavirus Relief Funds (CRF) that have been distributed to the State of Vermont to ensure the survival of the craft beer industry;
2. Until December 31, 2020, continue to allow delivery of un-opened containers of malt product for 2nd and 4th class licenses consistent with Gubernatorial Directive 4, issued on March 19, 2020;
3. Enact legislation to require that Business Interruption insurance cover *some or all* of the losses stemming from this pandemic. Similar legislation has been introduced in New Jersey, New York, Ohio and Massachusetts;
4. Prohibit initiation or continuation of foreclosures on commercial mortgages during the state of emergency, similar to the current prohibition on residential mortgages;
5. Eliminate penalties for late-payment of business, sales and property taxes throughout 2020;
6. Enact restrictions for cancellation time frames of insurance coverages, due to non-payment of premiums;
7. Suspend all State excise taxes and bottle deposits until 90 days after the state of emergency ends;
8. Provide State-guaranteed lines of credit from VT chartered banks and credit unions for the following uses: re-hiring of employees, mortgage payments, rental arrears and working capital;
9. Establish no-interest loans to be made available to all craft beverage manufacturers
10. Issue guidance encouraging lenders to consider loan deferment until three months after the national state of emergency is over; and to defer interest accrual during those three months. (The Federal Fund interest rate is the lowest percentage in history ... why should banks profit at pre Covid-19 rates?);
11. Ask Vermont's federal delegation to support an adjustment to the PPP 8 week window for restaurants/taprooms, to commence when the businesses are allowed to open, rather than at the time of funding;
12. Ask Vermont's federal delegation to support the American Society of Association Executives (ASAE) efforts to include 501(c)6 organizations in the eligibility for PPP funds;

The Vermont Brewers Association was founded in 1995 to promote and strengthen the culture of craft brewing in Vermont through marketing, education, and advocacy for Vermont made beer.

13. Ask Vermont's federal delegation to support the ASAE's efforts to include federal relief for nonprofit associations whose fundraising events were cancelled;
14. Ask Vermont's federal delegation to support a permanent extension of the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/S. 362), which now has bipartisan support from 74 senators and 343 representatives. Many businesses struggling to remain solvent during the current crisis fear their future will be jeopardized when faced with significant increases in excise tax rates on January 1, 2021;
15. Provide further clarification on the impact of H.742 on employers, and pass legislation to forgive all VT Unemployment Insurance charges against employers accounts until December 31, 2020, at which point local, regional, national and global consumer safety and confidence can be reassessed.

We would be happy to discuss these or other ideas with you at your convenience.

Thank you for your consideration.



Melissa Corbin
Executive Director



Avery Schwenk, President
Vermont Brewers Association

C: Dennise Casey, Dennise@dennisecasey.com
 Mari McClure, mari.mcclure@greenmountainpower.com
 Ryan McLaren, Congressman Welch's Office, Ryan.McLaren@mail.house.gov
 Sen. Tim Ashe, Senate President
 Rep. Mitzi Johnson, Speaker of the House

The Vermont Brewers Association was founded in 1995 to promote and strengthen the culture of craft brewing in Vermont through marketing, education, and advocacy for Vermont made beer.