



March 22, 2023, Tourism Day Testimony

Good Morning Representatives, Senators and Guests,

My name is Mimi Bittenheim, I'm the president of Mad River Distillers in Warren as well as the president of the Distilled Spirits Council of Vermont, an alliance of 20 craft distilleries based here in the Green Mountain state. Thank you for the opportunity to speak.

Our Distilled Spirits Council membership is varied; some of us are solo owner operators, while others have dozens of employees and sell spirits nationwide. The one thing we do have in common is our reliance on Vermont as the key home market for our brands, and this home market is intertwined with our tourism industry.

In addition to selling our spirits in the State's 802 stores, beverage manufacturers in Vermont have the unique opportunity to market directly to the public with our tasting rooms, and we are also able to sell our products at Farmers Markets as well as special events like craft fairs and holiday markets. In addition to the sales tax revenue generated from these sales, distilleries remit a quarterly manufacturer's tax to the DLL on bottles sold direct to the public. In FY 2022, Vermont Manufacturers sold over 8 million dollars in spirits through the States 802 Stores, and we paid Quarterly Manufacturer's Tax on Direct Sales of almost 6 million dollars.

For a new startup distillery, direct sales can account for up to 80% of their revenue. Even our more established brands generate up to 25% of their revenue in their home state through direct-to-consumer sales. We have seen the tremendous growth of spirit sales and cocktail culture in the past five years, and with 18 unique distilleries in Vermont we are poised to capitalize on the growing trend of spirits tourism with our Distilled Spirits Council Tasting Trail. Both the Department of Tourism and the Department of Liquor Control have been instrumental in assisting us in spreading the digital word about our distilleries, our products, and the tasting opportunities throughout the state.

Our business at Mad River Distillers began with a whim and a dream in 2011. When we finally secured the permits and equipment and began distilling in 2013, we sold through the state stores and at farmers markets. Over the past 10 years, we've opened a flagship tasting room and cocktail bar in Burlington and expanded to 8 states, and our employees have grown from 1 to 18. Last summer we bought a building in Waitsfield and are planning out a distilling expansion. Tourism is a vital part of our business plan- it fills Mad River's tasting room in Burlington, draws younger employees from the University of Vermont and Champlain College, and sells our products in restaurants and retail sales across New England.

Mimi Bittenheim, Mad River Distillers, President
Chris Kessler, Black Flannel Distillery, Vice President
Craig Stevens, Wild Hart Distillery, Treasurer
Sean O'Rourke, Bhakta Spirits, Secretary

www.distilledvermont.org

Tourism and marketing funding ensures that our Distilled Spirits Council members are able to grow our businesses both inside AND OUTSIDE the state of Vermont. The spirits distribution landscape outside of Vermont is incredibly daunting for small companies. It can be next to impossible to secure distribution in other states without a proven track record of robust sales in your home market. All of our member distilleries can attest to the fact that direct sales generate sales in the Vermont liquor stores. It's often said in marketing that a consumer has to see or interact with a brand six times before the brand sticks. Vermont Department of Tourism and Marketing "top of the funnel" marketing and aspirational messaging- from Vermont Vacation.com, Dig In Vermont, Vermont Attractions Association, and across social media- will only help us reach more eyeballs and cement our brands as Vermont through and through, while also adding to the state's reputation as a destination for unique, high-quality, locally-produced goods.

The Agency of Commerce and Community Developments estimates 10% of Vermont's workforce is employed in the visitor economy. In the "visitor adjacent category" we have our own employees in manufacturing and bottling of distilled beverages, plus a myriad of other Vermont jobs, from the electricians and HVAC professionals we rely on to keep our plants running, to label and packaging companies we use for cardboard and bottle labels, and the shipping companies who transport our raw materials and finished products in and out of state.

Who are the future customers who will grow our brands? Visitors to Vermont - we need them! We need them to drive our in-state business, discover our brands and we need them to proselytize about our state and all of our unique businesses when they return home.

Thank you to the Vermont Chamber for organizing Tourism Day and thank you for your support of our state's beverage producers. We hope we can all work together to support a robust tourism and marketing department that will propel Vermont's economic development, steward our unique communities- all 251 of them- and further the Vermont brand locally, regionally, and nationally.