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Good afternoon- my name is Jesse Cronin and I own and operate Lucy and Howe Brewing Company in Jericho, VT. Thank you for the time today to consider some necessary adjustments to Vermont's three-tier structure for distributing beer from manufacturer to customer. I am here today to express my strong support, and the support of the Vermont Brewers Association, for H. 672, a bill that will allow brewers to distribute up to 5000 barrels of malt beverage annually to their local bars, restaurants, and stores.

My road to brewing could kindly be called circuitous. My wife and I met in Brooklyn, NY as elementary school teachers. Our first child was born in Vienna, Austria, while we worked at the American International School. Our second child is the only genuine Vermonter in the family, born in 2010 after we returned to the States.

Once here, the choice was made that I would stay at home with our children (now 1 and 3) for a couple of years, and after the kids started school I needed something to do. We decided I would leave teaching and start brewing, something I had been doing at home for about a decade. I started filling kegs from 3pm to 11pm at Magic Hat in 2016, moved to the cellar and fermentation in 2017, and then up to the brew tower in 2018 where I brewed all the Magic Hat classics until 2020; #9, Hocus Pocus, Blind Faith, Circus Boy, etc.

This brings us to early 2020. My wife, now a superintendent, could see what was developing in regards to the state's response to the COVID pandemic. Knowing that the schools would close, we made the decision that I would quit Magic Hat and I would be home with the children. I had registered Lucy and Howe Brewing as a business back in late 2018, so we also optimistically thought this was my opportunity to launch a small craft brewery.

Lucy and Howe Brewing Company opened officially in May of 2020 to little fanfare. We were deep in the COVID shutdown. I brewed and packaged beer in an old summer kitchen in our home. Customers would buy beer online, drive up to the house, show their ID through the car window, and I would load beer in the trunk. The biggest issue we regularly had to deal with was when my children had online classes and I had to brew - there were few places we could point the camera that didn't have stacks of beer cans in the background, raising the eyebrows of many of the teachers in Jericho.

Now it's 2026. Lucy and Howe Brewing Company remains one of the five smallest breweries in the state. Every batch I brew is the equivalent of about 30 to 35 cases of beer, and we wind up

with the equivalent of about 1250 cases of beer a year. As breweries go, it's tiny. By way of comparison, when I worked at Magic Hat I brewed that same 1200 cases by lunchtime.

The attached photographs illustrate this. The first picture is of myself and one day of packaging- about 93 gallons. The second picture is also of myself (inserted for scale), with one day of packaging over at Vermont's second largest brewery, Zero Gravity, approximately 7000 gallons. Fun fact- both packaging days were about the same length. Thank you to Zero Gravity for the picture.

Currently Lucy and Howe Brewing is limited to selling beer out of our taproom, an old 1850s general store in Jericho that we've converted into a shared coffee/beer space with Brew House Coffee Company. We sell retail cans and bottles to go, as well as draft pours to be enjoyed on-site. We have an incredibly small kitchen and provide some meal options. The brewery employs 3 part time workers to help staff the taproom. I work 60-70 hours a week to make it all happen and I make about \$5.30 an hour. All in all, we've created a nice community space that we are quite proud of.

To survive and thrive, Lucy and Howe needs another regular and reliable avenue to get our beer to customers and to bolster cash flow. There are times of the year where the need for this additional revenue source is emphasized by low tourism numbers and the seasonal ebb and flow of the brewery business.

Distribution has the potential to fill this gap nicely, but not in its current form. Currently there are two roads to distribution - we can find a distributor to take us on or we can decide to self distribute. While both are possible, both have issues which make them unsuitable to pursue.

In regards to finding a distributor - Lucy and Howe Brewing Company was carried and distributed around the state from 2021 to 2025 by Vermont Beer Shepherd. While it lasted this relationship was a positive one - they would tolerate our inconsistent and limited supply and they would carry to stores that are considered out of the way. They did so with pretty favorable terms.

Vermont Beer Shepherd closed suddenly in early 2025, and at that time they offered the brands they carried to other larger distributors. Some were picked up, others (like ourselves) were not. The brewers had very little say. As a very small producer, a literal drop in the proverbial bucket, these large distributors have not shown Lucy and Howe any interest, and I have serious concerns about the attention our beer would receive if they did. It's hard to overstate how small an operation a brewery of our size is compared to other brands in their portfolio. Their lack of interest is not because of the quality of my product; my business would not have lasted this long if I brewed bad beer. It is because I literally cannot brew enough beer that would make a partnership with my brewery worth a distributor's effort.

There are also revenue implications to selling to distributors. Let's say you come into our taproom and buy a case of beer. About 45% of that price goes to the materials needed to make the case- ingredients, packaging, and utilities. The remaining 55% goes towards all the other costs of the business- rent, payroll, taxes, supplies, etc. Maybe even a little profit. It's pretty straightforward.

Now let's say you go to a retailer, your local craft beer shop, and buy that same case of our beer. 45% of that still goes to the cost of making the beer. The big change is that the remaining 55% is split three ways- a tiny slice goes to us to cover other costs, and the remainder is split between the distributor and the retailer. In this scenario the cost of getting beer out to the public is quite literally the sacrifice of my already slim margins.

Self-distributing my own beer also poses significant challenges for a brewery my size simply because of current law. If I would like to distribute myself under existing legislation, I need to form an additional business. I would apply for a distribution license (the most expensive of all the licenses), and set up this new company with its own books, bank accounts, tax obligations, invoicing, staff, all of it. Essentially the current law requires me to sell beer to myself on invoice, and then sell that beer from my new distribution company to retailers, also on invoice. It's an overbearing process, eclipsing any potential reward.

I'm here today to ask that these distribution hurdles be adjusted or removed, so that small producers like myself can get more beer to market. It's a small percentage of total beer brewed in the state; however, freeing up how we can deliver that small percentage to consumers will make a large difference to us.

I would encourage you to adjust the system and allow our breweries a distribution path that better suits our size while accommodating some flexibility. Allowing us to distribute up to 5000 barrels a year as a part of our manufacturing license would:

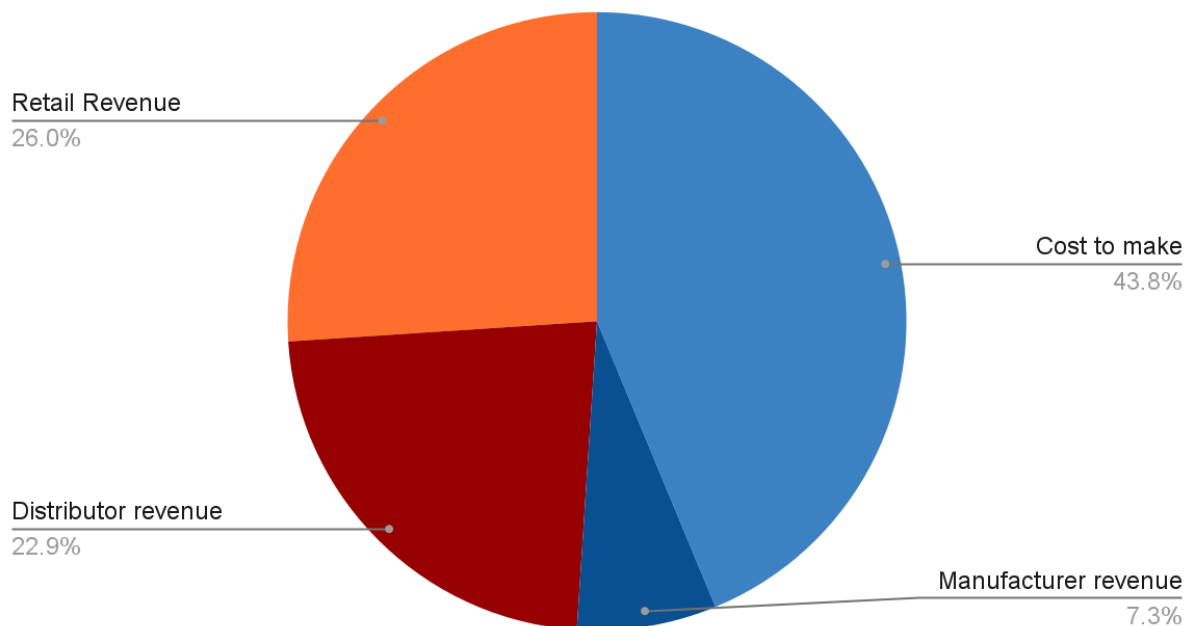
- Greatly simplify the system breweries use to get beer to market and in front of customers
- Allow our breweries to deepen and strengthen relationships with retail partners, some of whom are either struggling to meet larger distributor order minimums or struggling to stock a variety of product
- Direct access to markets would create the opportunity for small brewers to grow their brands, ideally to the point where they would be attractive to one of the larger distributors. The reality here is that adding self-distribution to an already full schedule is a lot of work. It just also happens to be the most cost-effective way for small brands to intentionally grow and nurture their small business.
- Provide small businesses with another avenue to increase our cash flow so that we can remain in business.

- Maine and New Hampshire already allow this.

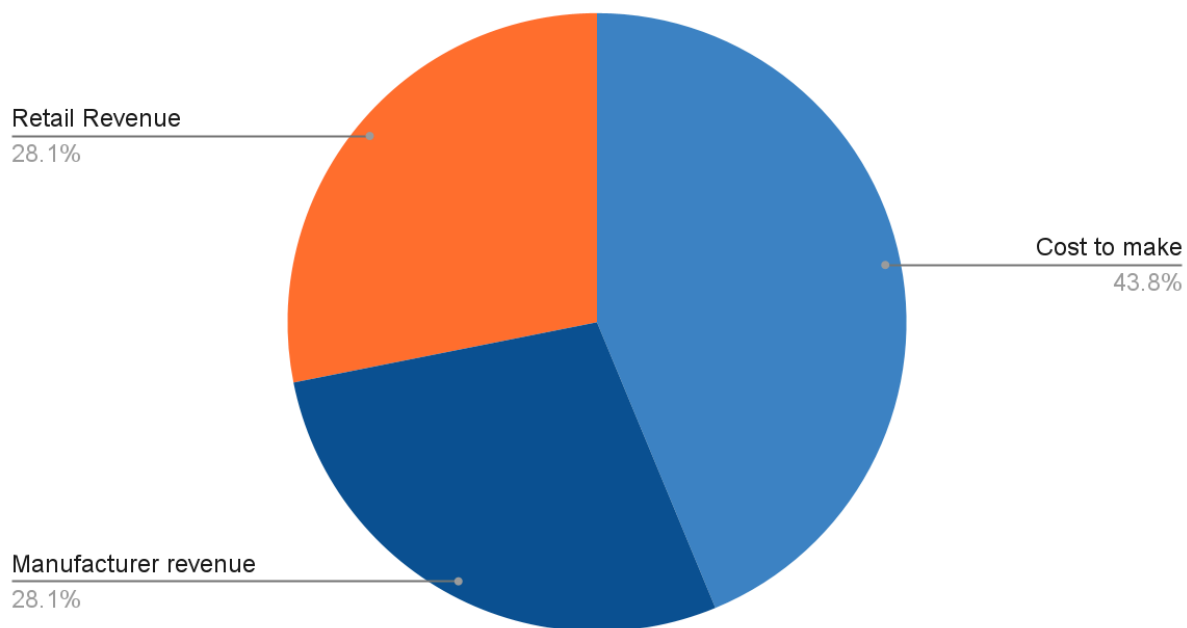
Thank you very much for your time and attention. I will happily answer any questions.

Jesse Cronin
Owner/brewer
Lucy and Howe Brewing Company
Jericho VT 05465

Case Cost Breakdown Through Distribution*



Case Cost direct Sale to Retailers*



*percentages are based off average cost to make a case, average sale price, and average retail markup. These numbers are specific to Lucy and Howe Brewing, and are not intended to represent the position of other breweries, local or otherwise.

