

Good afternoon, Senator Clarkson,

As a local brewer, I ask that you please support H.921, and most importantly Section 6, which will allow direct distribution on a limited scale. This bill is vitally important to the future of small breweries, such as myself. I previously worked with distribution companies, and it is extremely difficult to have my product represented at the same level as the major brands.

On April 16th you will be hearing testimony by members of the The Vermont Brewers Association. Below is a list highlighting the positive aspects of the bill.

Thank you.

John Morris

Owner, Brewmaster

Cousins Brewing LLC

- Section 6 of H.921 is a modest adjustment that reflects the realities of today's market. It gives small Vermont breweries a realistic way to access local accounts, grow their businesses, and remain viable in an increasingly consolidated distribution environment, while preserving the three-tier system.
- Neighboring states allow small manufacturers similar direct access to markets.
  - NH – In NH if you hold a Beverage Manufacturers License and you produce no more than 15,000 barrels annually; you may self-distribute up to 5,000 barrels annually to New Hampshire retailers without getting any special license. Title XIII, Sec. 178:12 (IV)(b)
  - ME - In Maine, if you hold a small brewery license (producing up to 30,000 barrels per year), you can sell your beer directly to licensed retailers (restaurants & stores) without needing to get a wholesale license. Title 28-A, Sec. 1355-A (3)(B)(2) (no maximum limit).
  - Allowing Vermont's small brewers to self-distribute up to 3,000 bbl annually ensures that businesses are not placed at a competitive disadvantage in the region.
- If manufacturers were allowed direct access of up to 3,000 barrels to 1st and 2nd class establishments (bars, restaurants and stores), they would have the opportunity to grow their brand, possibly to the extent that they would be attractive to one of the large distributors.
- Adding self-distribution to an already time-consuming manufacturing business is a lot of work, however, it is the most cost-effective way for small brands to intentionally grow their business.
- While it is true that most small Vermont craft brewers won't reach the 3,000-barrel limit, most probably won't even come close, for the few that will, it could be decisive in their ability to grow enough to transition to a traditional distributor. While there is no "magic number" for a distributor to pick up a brand, 3,000 barrels is proof that a brand has the sort of production capability that could keep up with wider distribution.
- Over the past two years, three distributors have closed, leaving only two large distributors operating in Vermont (Baker, Farrell) and two small distributors (Grassroots Distributing, Vermont Wine Merchants). Should further consolidation

occur, more brewers could find themselves without distribution options. Section 6 of H.921 would allow these brewers to get their product to market.

- Self-distribution as proposed would not impact distributors or brewers that have existing distribution contracts.