

***Daren Orr's senate testimony for 4/16/26:***

Thank you, members of the Senate, for your time today—I really appreciate the opportunity to speak with you.

My name is Daren Orr, and I'm the co-owner and brewer at Two Heroes Brewery & Public House in South Hero, in Grand Isle County. I'm here to speak in support of Bill H.921, specifically section 6, introduced on behalf of the Vermont Brewers Association and already passed by the House. Section 6 would allow Vermont manufacturers to self-distribute up to 3000 barrels annually to any first- or second-class licensee (bars and restaurants).

I run a brewpub in a small community in the Lake Champlain Islands that is driven by summer tourism. My business partner, Matt Bartle, and I started this company in the winter of 2020—right in the middle of the pandemic. We began in a tiny rental space because financing just wasn't available at the time. From the beginning, the goal was to build something permanent, and we were able to complete our new building in the summer of 2023.

That process took an incredible amount of persistence, problem-solving, and attention to the rules and regulations at every step. At the time, we honestly felt like we had taken on one of the hardest challenges imaginable—starting and building a business during a global pandemic. Then we decided to try distributing our own beer, and we quickly realized that may be even more complicated.

In Vermont, under the current three-tier system, breweries can't simply deliver their own products to market. To do that, we're required to create an entirely separate wholesale company. By that point, Matt and I had already formed two companies—one encompassing the real estate and one for the brewpub—so this now meant creating a third company just to move our own beer from the brewery to retail establishments and restaurants.

And it's not just paperwork—it comes with real costs and real operational challenges. We pay \$1,200 every year for a wholesale license to distribute fewer than 100 barrels annually, while large distributors moving millions of barrels pay that same fee. The law also requires that deliveries be made by employees of the distribution company, not the brewery, which often means that small business owners like us are the ones doing the deliveries ourselves—unless we want to take on the added burden of hiring and managing staff for yet another company, or running an additional payroll.

The distribution company also needs its own insurance, its own accounting, and its own tax filings. Altogether, it costs us thousands of dollars a year just to distribute our own product—something that brewers in every neighboring state are allowed to do without a separate company.

We chose to distribute our own product because we are a very small company, and sacrificing ANY percentage of our already slim margins on our beer was unsustainable. Self-distribution allows the brewery to have total control over its products, communicate directly with the buyers, and keep fresher beer on the shelves. Also, as a small brewery distributing very limited amounts, we felt that we would not have proper representation by a large distributor because we would not be a huge money maker for them, as they generally invest in their bigger brands. This was all new to us, and we did not want to enter into a binding contract with a large company at the time. In a world where growth is the only measure of success, small businesses would simply not exist. Success is not only measured in growth, and many Vermont breweries are perfectly content in staying small.

I would like to add that misrepresentation in the market is by no means the fault of large distributors. They are simply doing their jobs. Nowadays with the rapidly shifting craft beverage market, their jobs are tougher than ever, and they have even more products to represent and get to market. At the same time, we've seen several Vermont distribution companies - especially those focused on small, local brands - close their doors. That kind of consolidation has made it harder for small breweries to get their products to market and has left many scrambling for solutions. Without the ability to self-distribute, breweries can end up locked into distribution contracts that don't serve them well, simply because they don't have another option.

All of this is happening while the craft beverage industry is already going through major changes. Consumer preferences are shifting, non-alcoholic options are growing, and margins are tighter than ever. Larger producers have more flexibility to adapt, but small, independent breweries are feeling the pressure.

The current system just isn't sustainable for businesses like ours—and it doesn't reflect what's already working successfully in the majority of the country, including all of our neighboring states.

Vermont's breweries play a huge role in our economy and our identity. We help drive tourism, support local agriculture, and contribute to our local communities. Vermont has built a reputation as one of the best beer destinations in the world, and that's something worth protecting and strengthening.

Section 6 of Bill H.921 is a practical, reasonable step in that direction. It would reduce unnecessary barriers, create a more level playing field, and give small brewers a better chance to succeed.

It is because of all of these reasons that I strongly encourage you to support this bill.

Thank you again for your time, and for the work you do on behalf of Vermonters and the future of this state.