

TESTIMONY OF RYAN CHAFFIN

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Vermont Wholesale Beverage Association

Hello. My name is Ryan Chaffin, Director at Farrell Distributing and a member of the Vermont Wholesale Beverage Association. It's an honor to be here with you. I appreciate the opportunity to provide some information on what wholesalers do, and how we play an integral part in Vermont's beverage industry.

I started in this industry back in college in Burlington and have over 25 years of experience, many of it in leadership roles across the brewery and wholesale sectors. I've worked throughout the system and hold great respect for all parties in it. I also taught two courses at UVM's Business of Craft Brewing program: Wholesale Management and Annual Business Planning for small breweries.

What the Three-Tier System Does

Farrell is an independent beer distributor, licensed by both federal and state governments, to move bottles, cans, cases, and kegs from brewers and importers to the shelves of stores, restaurants, and neighborhood bars — all through a safe, transparent, and accountable system. There are 3,000 independent beer distribution facilities like ours serving every corner of the United States. Here locally, we serve several thousand licensed retailers and non-traditional locations.

The three-tier system consists of:

Suppliers — Breweries, distilleries, and wineries that produce beverages.

Distributors — They transport beverages, ensuring safety and freshness, market to consumers, and collect taxes for state and local governments.

Retailers — Vermont bars, restaurants, supermarkets, convenience stores, and liquor stores that sell directly to consumers.

Independent beer distributors do far more than buy, store, sell, and deliver beer. We are small-business owners, civic leaders, parents, and philanthropists active in our communities. The system ensures product traceability — if there is ever a suspected problem with a product, distributors could act swiftly to track and pull it from the marketplace. This also protects American consumers from the counterfeit and poisonous alcohol prevalent in many countries that lack an effective regulatory structure. General adherence to regulation, sanitation, and safety protocols is critical, and our system enforces that. The result: broad selection, genuine consumer choice, and unequaled safety.

About Farrell Distributing

Farrell Distributing was the first licensed distributor in Vermont after Prohibition. We have been in our South Burlington location since 1980 and added Rutland a few years after that. Our philosophy remains the same: Quality, Service, and Community.

Our 290+ employees live all over Vermont, spanning skilled roles — vehicle maintenance, delivery drivers — to positions with less formal certification requirements, like merchandisers and load

builders. We regularly offer training opportunities to upskilled employees: on the sales side, WSET and Cicerone certifications; on the delivery side, CDL schooling. In-house sign making, temperature-controlled warehouses, daily fleet maintenance, and increasingly costly data and cybersecurity systems are just some of the capital demands we manage.

In 2016, we completed a major renovation of our South Burlington facility, expanding square footage and adding climate-controlled zones. More recently, when our Rutland warehouse refrigeration system started showing its age, we didn't patch it — we invested in a state-of-the-art, environmentally forward system. Efficiency Vermont recognized our efforts with an Energy Leadership Award, which proudly hangs in our operation today.

We are also deeply embedded in Vermont's communities. During the pandemic, we worked with partners to responsibly dispose of 7,000 kegs — a remarkable story of collaboration under pressure. We belong to core chambers across the state, support non-profits on a weekly basis, and partner with event producers throughout the year. Our brand partners contribute meaningfully as well: Anheuser-Busch has invested hundreds of thousands of dollars in Vermont safe-drinking campaigns and community events; Deutsch Winery supported our local Cancer Center; Clean Cause Yerba Maté has helped Vermonter's access recovery centers for alcohol and drug addiction; and Gallo Winery was a major sponsor of the Burlington Discover Jazz Festival for decades. All of this drive's economic activity in our small state and benefits the non-profits that depend on it.

The Current Market

We operate in a challenging market. 2025 was a tough year for everyone in our industry across all three tiers, and especially in Vermont. Population demographics, housing shortages, and our heavy reliance on the tourism sector create forecasting challenges. The cost to manage hundreds of employees, two large warehouses, massive levels of perishable inventory, insurance, rising healthcare, and a large rural fleet — all with margins that are compressed and largely out of our control — makes for a demanding environment.

Vermont has a significantly higher local craft beer market share than most states — and we should be proud of that. That success is shared across all three tiers. An economic survey I conducted for Peter Welch found that just the "Made in Vermont" portion of our portfolio supported over 500 jobs and over 500 mutual Vermont businesses we collectively purchased from in a single year.

Our breweries face the same challenges, just at different scales. I know this firsthand — I have worked for and managed Vermont breweries and understand what it means to manage COGS, payroll, and promotions for a small business. We all want to support local manufacturers as sustainably as we can.

Our Position on H.672

We have no major concerns with H.672 and understand the desire to reduce burdens for smaller brewers. We want smaller brewers to be successful, and we support their right to self-distribution. We see real value in breweries starting out on their own — it helps them understand the market and build direct retailer relationships. We cannot represent every brand; those are business decisions we must make carefully. We wish self-distributing brewers well and cheer them on, even as competitors.

We do have two specific requests:

Reconsider the 5,000-barrel threshold. The national average for a craft brewery is under 1,000 barrels. At 5,000 barrels, a brewery is no longer a small operation — brewing and selling that much is significant work; it won't fit in a Subaru. At that scale, you're entering real logistics with major capital requirements, and that's typically where distribution partnerships make the most sense for all parties. We would encourage the Committee to consider a lower threshold that better reflects the actual scale of small Vermont brewers.

Clarify that the exemption applies only to brewers not currently under contract with a distributor. It is our understanding this is the legislative intent, and we would like it spelled out explicitly in statutory language to avoid ambiguity.

We also ask that all self-distributing breweries fully understand and comply with *Title 7: Alcoholic Beverages*, and that they maintain the same sanitation standards — including regular draft line cleaning — that licensed distributors uphold.

Closing

The core strength of our organization is our incredible community of teammates. Their hard work and dedication to serving our customers is what makes us successful. We are not just a warehouse providing logistics — we are a full-service business that serves our retailers as much as a consultant as a service provider.

Being a large employer in Vermont comes with real challenges, and we feel them as a statewide organization. This is not an industry where AI and automation replace people — it may create efficiencies, but we need a strong Vermont workforce, and we are proud to have hundreds of people at Farrell doing their part. We intend to stay engaged as you make important decisions about where the state is headed and how to return to real growth. We need more consumers living here, and we need them to have housing. Our employees and our partners are encouraging you to find ways to get Vermont moving in the right direction so we can continue to support and invest in our businesses and communities.

Our doors will always be open to new opportunities and entrepreneurs in this space. Thank you for your time.

Ryan Chaffin

Director, Farrell Distributing

Vermont Wholesale Beverage Association