



March 7, 2023

Testimony in Opposition to House Bill 5719

Representative McEntee, Chair, House Small Business, and Committee Members:

I am writing in opposition to House Bill 5719 relating to new restrictions on manufacturing and wholesale licenses for breweries in RI. I am the co-owner of Tilted Barn Brewery and Farm to Pint, a licensed wholesaler in RI.

I want to start off by first thanking this committee and many of its members who have supported the growth of the craft beer industry in RI in recent years. The number of breweries in RI has grown exponentially in the past ten years, from 2 to nearly 40, largely as a result of changes to legislation that fostered this growth. Because of these changes, the RI brewing industry has been a bright spot in terms of job creation, tourism revenue, and manufacturing in RI, and we have been celebrated for this success. The timing for the proposed legislation is particularly ironic as this is RI Craft Beer Week and one of the many events and recognitions of the positive impact for our industry is a commemoration being held at the State House just prior to the hearing for this bill, which seeks to limit and reverse this growth we are celebrating.

House Bill 5719 would prevent breweries from also acting as a wholesaler through a separate license. This proposed change would severely impact RI breweries ability to be competitive, especially in regards to our neighboring states of CT, MA, and the rest of New England as a whole where breweries are allowed to self-distribute directly (without the need for a separate license as is required in RI). Virtually all of the breweries in RI are very small and don't fit into the "normal" distribution model. We can't provide enough product to the larger distributors to make selling our beer worthwhile to them, and the steep margins that these wholesalers charge to sell our beer is cost-prohibitive for us to enter the market. It leaves us at a stalemate where the brewery can't grow and, as a result, the wholesalers never see our business. To this point, and due to the crowded beer market in recent years, wholesalers have begun to consolidate their portfolios and some breweries are having difficulty even finding a wholesaler that is willing to sell their beer for them, while others already working with wholesalers are being dropped. By allowing breweries to also hold a wholesale license in order to sell our beer, however, we are able to navigate these difficulties and see meaningful growth which would be unattainable otherwise.

For us specifically at Tilted Barn Brewery, our wholesale side of the business has allowed us to produce significantly more beer than we would otherwise. We have also created a number of new jobs in the past two years in the time since we obtained our wholesale license; we now have a wholesale operations director, sales representative, two delivery drivers, and two warehouse positions. These are all high paying jobs with full health insurance benefits, paid time off, and a company matched 401k plan. The increased beer production also supports many jobs in our brewery. If this proposed legislation were to pass, we would be forced to consider immediate layoffs and reduce our overall beer production. Similar impacts would be seen at the other RI breweries and the great strides we have made as a state recently would not only be reduced but immediately reversed.

A point that the RI breweries have been making throughout the years as we have tried to make changes to legislation that allows our businesses to grow is that these changes also help others in the three-tiered system. As breweries grow and are able to produce more beer we need help to sell our beer. As a result, wholesalers start to see new business from RI breweries. Retailers, from liquor stores to bars and restaurants, also see new business from us. We at Tilted Barn Brewery are at that point now. We are reaching the capacity of what we can sell ourselves through our wholesale license. We either need to invest in more infrastructure, such as cold storage, forklifts, and new delivery trucks, or begin to work with one of the larger wholesalers in the state to do this for us so we can turn our attention back to making great beer. We would never have gotten to this point without being allowed to act as our own wholesaler in the first place, which allowed us to bridge the gap during this growth phase. For all of these reasons above, I urge this committee to reject House Bill 5719 and allow for RI breweries to continue to be a bright spot in the RI economic industry.

If I can be of any assistance or answer any questions, please don't hesitate to reach out.

Thank you.

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