

**House Ways and Means Committee
House Bill 49 (Main Operating Budget)
Rhinegeist Brewery
Written Testimony
March 9, 2017**

Chairman Schaffer, Vice Chairman Scherer, Ranking Member Rogers and members of the House Ways and Means Committee, thank you for the opportunity to provide written testimony today in opposition to the Governor's proposed beer tax increases in House Bill 49. My name is Bob Bonder. I am the co-founder of Rhinegeist Brewery headquartered in Cincinnati.

To provide some context of who we are, Rhinegeist was founded three and a half years ago with five people and a \$1.2 million investment in build-out and equipment. Since then, we have grown to over 200 employees with a total payroll of over \$10 million including benefits and have invested an additional \$20 million in facilities and equipment. In 2016, we had just under 500,000 visitors come to our brewery, the most for any non-convention space in Cincinnati behind only the professional sports stadiums and the casino. We are attracting visitors from around the country, creating outstanding exposure for our home city and state. We also play an active role in the local community including weekly fundraisers, tutoring at local schools, involvement in hundreds of local events each year, and a full-time community outreach department.

Our volume in 2016 was 56,000 barrels. This production level makes us the second largest craft brewer in Ohio. While that may seem big, we are still a very small brewery within the beer industry. We are at precisely the point in our company's lifecycle where reinvestment is critical to continued growth and competitiveness.

The Governor's proposal to reduce the Small Brewers' Credit by 97% will force us to curtail our reinvestment strategies in Ohio and likely force a hiring freeze. If enacted, the tax increase would cost Rhinegeist in excess of \$700,000 in the first year alone. We had planned to reinvest those dollars in equipment and new employees, but this unforeseen expense would prevent that. We hope to more than double our employment, payroll and capital investment in the next 3 to 5 years, but the loss of the credit will unfortunately force us to rethink that strategy for Ohio and look to tax-friendlier states in the region.

The Governor's budget also proposes a massive tax increase on a barrel of beer. For high-alcohol beer, the tax increase proposed is a staggering 456% increase in excise and distribution taxes. While some may argue that the tax increase is only pennies on a can of beer, it creates significant pressures on growing craft brewers, many of whom distribute their own beer. Under the Governor's proposal, the taxes would become unaffordable for new brewers to begin in Ohio and would limit many others' ability to grow.

While neither I nor my co-founder are originally from Ohio, we have been honored to be part of the booming craft brewing industry in this state. We have been able to grow significantly in a relatively short period of time and are actively developing plans to grow even more in the next few years. We want to do that in Ohio. Threatening that growth in jobs and investment in Ohio with the Governor's proposals comes at the wrong time for not only us, but also for the hundreds of other craft brewers and thousands of employees in the state.

I respectfully ask that the House remove the beer tax increase provisions from the budget bill.
Please do not hesitate to contact me with any questions.

Sincerely,

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