

**Testimony before the
House Commerce and Labor Committee
Re: House Bill 674, Beverage Clarity Act**

**By: Mary MacDonald
Executive Director
Ohio Craft Brewers Association**

May 30, 2020

Chairwoman Manning, Vice Chairman Dean, Ranking Member Lepore-Hagan and members of the Committee,

I am testifying to express our support for House Bill 674 - that would help streamline and clarify numerous facets of existing alcoholic beverage law and provide added opportunities for Ohio's independent breweries to recover from the havoc wrought on their businesses by necessary shutdown of taprooms due to the COVID-19 pandemic.

I have the privilege of being the first Executive Director of the Ohio Craft Brewers Association. We are the non-profit organization that promotes, protects and unifies Ohio's small independent breweries. I started my job towards the end of 2013 just after the A1c license was created. At the time we had 58 breweries in the state. Today Ohio is home to 339 craft breweries (18 opened so far this year) and there are several dozen more in planning stages. Before the pandemic, our businesses directly employed more than 7,000 Ohioans and supported another 2,500 jobs in related industries.

Many of the measures in this bill were the work of a year-long collaborative effort among several organizations including the OCBA, the Wholesale Beer & Wine Assoc. of Ohio, Anheuser, Miller and Diageo. We have also worked with Ohio Licensed Beverage, the Ohio Restaurant Association and others for different components of this bill. Measures like those proposed in HB 674 will help us rebuild and grow the craft brewing industry, rehire our employees and hopefully continue to spur economic development across the state. Our breweries contributed \$967 million in economic impact in 2018 and we would like to see that number hold steady despite all of the obstacles our state and country faced this year. Craft breweries are proud manufacturers of Ohio-made products, they help energize and revitalize communities and serve as neighborhood gathering places. There are craft breweries in 66 out of Ohio's 88 counties.

We are asking for some seemingly common-sense remedies to the existing laws regarding alcoholic beverages.

- Social media did not exist when the laws governing the advertising of alcoholic beverages were created. We respectfully request the opportunity to use free social media platforms like Facebook, Twitter, Instagram, etc. to promote our tastings, festivals, beer dinners and brands at Ohio retailers. This measure would support local manufacturers, local products and local retailers.

- Growlers (32-64 ounce receptacles for carryout beer) were historically primarily made of glass, but these days they come in ceramic, stainless steel and other materials. Current law effectively makes it illegal for our A1a permit holders to fill anything but glass growlers. It's an unnecessary distinction, confusing to the customer and inhibits sales.
- Our nonprofit organization hosts a few festivals a year both as fundraisers and to raise awareness of our industry and members. The highlight of these events for attendees (aside from the unique beers poured) is getting to meet the brewery staff in attendance who are the best ambassadors and the most knowledgeable about the products being served. However, brewery employees are prohibited from physically pouring beer for us as a temporary permit holder. We are asking for one narrow exception to this rule solely for events hosted by the OCBA.
- Wineries are able to serve 1 oz. samples and sell bottles of wine at farmers' markets around Ohio. We would like Ohio's small breweries who self-distribute to have the same opportunity to sell their products at licensed farmers' markets.
- As community gathering places our breweries work with non-profits on fundraisers and events. They are currently prohibited from letting a non-profit pull an F permit and host an event on their property be it a private event room or a parking lot. Our members contributed more than 13,000 volunteer hours and \$1.15 million to charities. This bill would give them another way to support worthwhile non-profit causes.
- There can be inconsistent interpretation regarding what is required for our A1a brewpub permit. What constitutes a "meal" is not uniformly enforced. We would like clarify what constitutes a meal for the permit purposes OR allow for a relationship with local food trucks to vend on the premises during operating hours to fulfill the food requirement of our A1a permit holders.
- Sunday sales for our A1a permit holders require the time, expense and hoop jumping of getting a local option passed. We believe that Sunday operations should be treated like every other day of the business week in terms of the sale of alcoholic beverages.
- Ohio does not currently allow for alternating proprietorships. This would allow for a "Host" brewery to rent out excess capacity to a "Tenant" brewery to produce beer.. Such a relationship would offer relief to a host brewery not operating at capacity (true for many of our breweries in a post-COVID landscape) and offer to smaller breweries, newer breweries or those needing more capacity the opportunity to make "their" beer on someone else's equipment. All ingredients, beer in progress and final product are clearly documented and labeled to distinguish the ownership of the tenant beer.
- Designated outdoor refreshment areas (DORAs) have been a welcome relief for breweries, bars and restaurants that have been fortunate enough to be in areas that already enacted them. All guidelines advise space between customers as a way to safeguard against the spread of the virus. DORAs enable people to safely patronize the businesses within their boundaries and then take their beverages to go to enjoy them in the wider open public spaces. Making the establishment of DORAs easier will give participating neighborhoods and businesses room to thrive and revive.
- Our breweries are ardently striving to meet the guidelines and regulations for safely operating. Unfortunately, the exact details are not always clear and we have heard tales

of different enforcement by local authorities and health departments. One aspect of this bill would provide amnesty from violations occurring before 6/1 and sets the penalties for future violations.

Serving Ohio craft beer to customers at their taprooms was the lifeblood for the majority of Ohio's small independent breweries, especially the ones in smaller towns and communities around the state. The closure of taprooms to on-premise sales was critically detrimental to the economic health of our industry. The measures provided in HB 674 will help these businesses regain traction and viability in the still-uncertain future in a world with COVID-19. Finally, many of these will help generate revenue for the State of Ohio as sales taxes are an important income line item in the budget and more beer sales equals more sales tax collected.

In 2019, Ohio craft breweries produced an estimated 1.35 million barrels of beer. That makes Ohio sixth nationally in craft beer production. I strongly urge you to pass House Bill 674. It is a positive move for Ohio's craft brewers, our employees and Ohio's economy. Thank you for your time and consideration.

A handwritten signature in blue ink that reads "Mary MacDonald". The signature is written in a cursive, flowing style.

Mary MacDonald
Executive Director
Ohio Craft Brewers Association