

**House Bill 669 Proponent Testimony**  
**May 28, 2020**  
**House Commerce and Labor Committee**

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My business partner and I started Watershed in 2010 when there were just a handful of operational micro distilleries in the state. There are plenty of challenges any distillery founder faces, regardless of location: funding, sourcing the right equipment and ingredients, learning to use that equipment, learning to work with a buzz 😊, quality control, staffing. These things were not unique to us.

When we started in Ohio, we could not sell bottles out of our distillery and we could not offer cocktails from a restaurant on site. A number of groups then worked together (Government, Lawmakers, Distillers, Job Ohio) to change those restrictions and open up opportunities within this young industry. In 2012, distilleries were allowed to sell bottles out their distilleries. In 2016, distilleries were allowed to open a restaurant, an opportunity to expand on-site experiences and revenue. These changes helped foster and grow the young distilling industry. Now, we are going through our toughest period as an industry and are fighting to stay viable.

The impact of coronavirus continues to unfold. In mid-March when restaurants were ordered to close, we not only shut down our restaurant and laid off 32 employees, but we saw all of our restaurant customers across Ohio shut their doors. Those customers represented 60% of our business. Restaurants are reopening very slowly. We do not have a timeline set for reopen. We are still trying to make economic sense of how to operate at 50% capacity. This is an industry with very thin margins. If our traffic is down 10% we will lose money. At the same time, we are trying to figure out how to operate in a way that is safe for our guests and our team.

This bill would speed up the path to reopening for bars and restaurants by expanding the space in which they can safely serve customers. The increase footprint helps us navigate the issue of keeping our guests and our employees safe with more room to create proper social distancing. Expanding the footprint of our business also helps us get closer to achieving economic viability. We have a small restaurant, so we would not physically have space for enough people to keep the lights on. Any additional seats get us that much closer to be able to operate a sustainable restaurant.

Allowing the delivery of bottles through third parties helps us limit the number of people our team comes in contact with at the distillery, keeping everyone safer while allowing for our bottle sales to remain healthy. In a world where we're trying to limit social interaction, but also keep our team employed and safe, this feels like an excellent

opportunity for growth. The additional revenue stream will help us keep our employees paid. It would also help us bring on additional people as we see an increase in sales from our bottle shop by opening up for longer hours to meet the additional demand.

I know the question of making sure the bottles are delivered to someone 21 or older has been questioned. I would challenge back that we are not coming up with something new here. We can look to the success beer and wine delivery has had through third party companies that operate safely and legally. Mirroring their best practices seems like a commonsense approach to this issue.

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