

VISPIRI

House Bill 86 Testimony

Thank you for the opportunity to provide testimony on House Bill 86. As an introduction, I'm Tom Lix, the Founder and CEO of Cleveland Whiskey, the trade name for Vispiri Inc, a Delaware Corporation headquartered in the extraordinary come-back City of Cleveland, Ohio.

Cleveland Whiskey started in a technology incubator under an experimental federal distilling permit in 2009 and we shipped our first bottles in March of 2013. Today we employ 17 full-time staff members with an average wage of \$65,849 plus everyone has a full benefits package including paid health insurance, paid vacation, unrestricted sick time, and a 401K.

This past year we've shipped and sold our whiskies in places as far away as South Korea, India, and Indonesia as well as to States including California, Florida, Massachusetts, North Carolina, New Jersey and nine (9) more.

Today, we're in the process of \$20 million dollar expansion that includes the complete rehabilitation of what was once an empty and deserted industrial building on the banks of the Cuyahoga River. The project will ultimately show us as employing well over 80 full-time staff and creating a destination experience on par with the Rock and Roll Hall of Fame here in Cleveland.

Bottom line, we're invested, we're growing, we're hiring, and we do pay our fair share of taxes. The problem of course is that there's a cap on our growth, and that, quite frankly doesn't make a whole lot of sense.

Under current law, once we exceed production of 100,000 gallons, we automatically lose our rights to sell bottles at our facility. That would change the financial equation as it pertains to any distillery tours or on-site events. When people visit our distillery, whether local or more than often out-of-state, they want to buy our bottles, it's part of the customer experience.

And for anyone who's ever been on the Kentucky Bourbon Trail, it's expected. If we can't do that, we lose money, we lose customers, and the State of Ohio loses tax revenue. It's that simple.

It's an artificial cap on how we do business, an artificial cap on how we grow. House Bill 86 would fix that. Again, it's that simple.

The second part of HB 86 is repealing the fee that customers have to pay when sampling our spirits at an Ohio liquor store. If you sample wine, there's no fee. If you sample beer, there's no fee. If you sample one of my whiskies, there is a 50-cent fee.

I can't even begin to tell you about all the people who walk away when they see the sign. They question it, sometimes think it's a joke, and on occasion get a little angry. Look, few people even carry change anymore so I wind up bringing rolls of quarters just so we can give our customers the coins so they can pay the fee. That means I'm actually paying for the privilege of giving someone a small sample of our product. It's inconvenient at best, it's unfair and if you ask most people, it's a little silly since they don't get charged for beer or wine.

House Bill 86 is, at least to me, a commonsense piece of legislation that's both pro-business and pro-consumer. Thanks for the opportunity to provide this testimony. I'm happy to answer any questions.