

Testimony of Duncan E. Macfarlane

Re: Senate Bill 23

Before the Ohio Senate Small Business and Economic Opportunity Committee

October 8, 2025

Good Afternoon Chairman Cutrona, Vice Chairman Romanchuk, Ranking Member Craig, and members of the Senate Small Business and Economic Opportunity Committee. I thank you for the opportunity to testify before you today in support of Senate Bill 23 on behalf of Ohio's craft breweries.

My name is Duncan Macfarlane and I am the head brewer and an owner of the Phoenix Brewing Company in Mansfield.

We'll celebrate our twelfth anniversary in April 2026. Over the past decade, our taproom has grown into a true community hub. We host large annual events like Oktoberfest, monthly favorites such as Trivia, Bingo, and Euchre, and weekly live music. We regularly partner with local businesses, work closely with our visitor's bureau and ale trails, and give back each month to local and industry charities.

Since opening in 2014, we've brewed a lot of beer, and grown along the way. What began as a small 5-barrel brewhouse quickly expanded to add a 20-barrel production system, a canning line, a 25,000-square-foot warehouse, an award-winning portfolio of beers, and a fleet of delivery vans. We've grown from five part-time founders to a dedicated team of six full-time and sixteen part-time employees.

What started as a neighborhood taproom has evolved into something bigger. We now self-distribute kegs and cans within a 75-mile radius, building recognition and relationships throughout Ohio. However, we've chosen not to sign with a wholesaler, by choice and by necessity.

We regularly work with wholesalers because we proudly feature other Ohio craft breweries in our taproom, but we have witnessed concerning behavior from some distributors who prioritize national brands over local craft producers intentionally hurting sales. One wholesaler refused to sell us Ohio craft products unless we agreed to add a dedicated Anheuser-Busch tap to our taproom. Another harassed us and penalized a local brewery for legally selling to us directly after their wholesaler declined to fulfill an order.

These wholesalers, their mob tactics, and actions are protected under the current language of Ohio's Alcohol Franchise Act legislation passed in 1974 that leaves small breweries without recourse.

We don't have a distribution contract. After nearly twelve years, we've deliberately remained self-distributed because we refuse to risk our independence or financial stability under one-sided, lifetime contracts.

In every other area of business, relationships are built on accountability. If a supplier fails to deliver on time, we can move on. If we over-purchase ingredients, that's on us. But under Ohio's Franchise law, breweries are forced to buy back expired product that a wholesaler failed to sell or promote, with no protection or recourse. I can't force my maltster to purchase it back after it has expired.

The current law traps small breweries in binding, lifetime unbreakable contracts where underperformance by a wholesaler still penalizes the brewery. While wholesalers argue they make significant investments when taking on new brands, breweries do the same. We invest in equipment, kegs, cold storage, raw materials, staff, training, and marketing to support distribution growth. The risk and cost are shared, but the power is not.

Small breweries like ours cannot afford the financial burden of unfair, permanent contracts. We can't risk financial hardship just to ensure a fair exit from unfair business practices.

We have the infrastructure, the team, and the demand to grow, but the law must change to allow fair, mutual partnerships that protect Ohio's craft beer community.

We're ready to expand on fair terms.

As a small business owner, I am pleading with you to support Senate Bill 23. Allow us to negotiate fair contracts and take the next step forward in all of our businesses.

Thank you for your time, I am happy to answer any questions.

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