

SF 1176
KORAN

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THE DRINK LOCAL ECONOMIC RECOVERY PACKAGE

HF 1192
OLSON

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The COVID-19 Pandemic has devastated the food & beverage industry in MN. **More than 94 establishments closed permanently in 2020—three times as many as 2019.** The Drink Local Economic Recovery Package (SF 1176 / HF 1192) is a collaborative bill that **will spur our state's economic recovery and growth and will be a lifeline** for Minnesota's bars, breweries, brewpubs, cideries, distilleries, liquor stores, restaurants, and wineries.

PASSING THIS BILL WOULD...

- put more than 100,000 food & beverage workers back into their jobs
- contribute to the state's economic recovery through increased sales tax revenue
- support businesses in all sectors of Minnesota's three-tier system
- encourage consumer confidence, tourism, and local purchasing
- remove barriers to growth, investment, and partnership for small businesses
- reinvigorate communities throughout the state

THE DRINK LOCAL ECONOMIC RECOVERY PACKAGE HAS THE SUPPORT OF

Hospitality Minnesota
 Minnesota Cider Guild
 Minnesota Craft Brewers Guild
 Minnesota Distillers Guild
 MN Farm Winery Association
 Minnesota Independent Restaurants



10,600+ SMALL BUSINESSES



275,000+ JOBS



BILLIONS IN ECONOMIC IMPACT

BILL HIGHLIGHTS



Allow breweries to sell up to 768oz person/day of their own beer to-go in cans, bottles, crowlers & growlers*



Allow cideries up to 75,000 gal & brewpubs up to 200 barrels of self-distribution



Align MN cidery and winery taxation with federal statute



Allow distilleries to sell up to 1.5L of their own product in standard bottle sizes



Make beer, wine, and cocktails to-go permanent for bars and restaurants



Allow liquor stores, bars, and restaurants to fill and sell growlers

* 750 barrel annual off-sale limit

FREQUENTLY ASKED QUESTIONS

- **How will these changes impact the three-tiered system?**
 - The three-tier system works well for many producers, distributors, and retailers and we have no intention of disrupting it. Unfortunately, **some aspects of the current system have not evolved with the real needs of the small food & beverage businesses in MN.** These proposed changes are meant to **improve the existing system to better support a decade's worth of growth and bring back revenue and jobs** lost to the pandemic. We will continue to promote and support our relationships with wholesalers, teamsters, liquor stores, and all other stakeholders in the craft beverage ecosystem.
- **Will these changes take away from sales elsewhere?**
 - We do not believe sales direct from tap/tasting rooms, bars, or restaurants will have a negative impact on our partners in the industry. We know customers may take a growler or a bottle of liquor, wine, or cider from the source or with their take-out, but **it is more likely that consumers continue to purchase the majority of their alcohol for at-home consumption from our local liquor stores.** We have proposed **strict caps** on the amount of alcohol a customer can take home from a bar, restaurant, brewery, cidery, distillery, or winery. **There is already an additional annual off-sale cap of 750 barrels in place for breweries.**
- **Will these changes impact job growth in the three-tier system?**
 - We can see a positive correlation between job growth at the producer level to job growth in the other two tiers. Here's an example: **For every 1 job at a brewery, there are an additional 31 full-time jobs created including*: 2 jobs in beer wholesaling; 13 jobs in beer retailing; 13 manufacturing jobs; and 0.7 farming jobs.**
*Information provided by the National Beer Wholesalers Association & Beer Institute
 - Job loss occurring in the second and third tier is likely a result of major distributor consolidation in the industry or the closure of craft beverage producers due to the pandemic.

DON'T PICK WINNERS & LOSERS!

THIS BILL SUPPORTS EVERYONE!



Craft beverage producers see increased revenue & growth



Wholesalers & teamsters see more products sold through distribution & experience job growth



Bars & restaurants see increased revenue and can rehire staff



Liquor stores see increased sales from higher demand for new fresh & local products

QUICK FACTS



In the last 10 years, wholesalers & liquor stores saw job growth between 4-42.5% due to an increased number of craft beverage producers*



Alcohol sales account for 30-50% of a restaurant's business & 33 other states legally allow alcohol to-go.



Craft beverage producers make 49.9% less revenue than wholesalers, but pay 85% more in sales & use taxes**



The hospitality industry generates more than 20% of the sales tax in Minnesota which will have a direct impact on the state's recovery.



Minnesota is in LAST PLACE when it comes to modern liquor laws for our craft beverage producers.

*Data provided by the University of Minnesota | **Data collected from the Department of Revenue 2018 Sales & Use Tax Reports

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