



Craft Distillers Making a Difference on Main Street USA

Economic Development for this Growing Industry

Margie A.S. Lehrman
CEO
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American Craft Spirits

Getting a Flavor of the Craft Spirits Movement

- What is ACSA?
- What is Craft? What is a DSP?
- Economics of Industry
 - Strength in value and volume
 - Investments
 - Employment – jobs, jobs, jobs
 - Where Distilleries are Located
- Barriers to Entry
- Case Studies
- Innovation – distillery trails, alcohol beverage trails, education

A Thought to Keep in Mind

**When you support a small
business, you are supporting
a DREAM...**

American Craft Spirits Association

Who are We?

- Founded in 2013
- Only national registered trade group representing the interests of American Craft Spirits Producers 501(c)(6)
- Hundreds of small business throughout the U.S.
- **MISSION:** To elevate and advocate for the community of craft spirits producers



What is Craft?

“Denoting or relating to food or drink made in a traditional or non-mechanized way by an individual or a small company.”

ACSA definition: A distillery who values the importance of transparency in distilling and remains forthcoming regarding their use of ingredients, their distilling location and process, bottling location and aging process.

A distillery that produces fewer than 750,000 proof gallons annually

A distillery that directly or indirectly holds an ownership interest of 51% or more of the DSP



Craft Spirits Data Project © 2021

- Strength in value and volume
- Investments
- Employment – jobs, jobs, jobs
- Where are Distilleries Located

**Over 2300
operating
craft
distilleries
in the U.S.**

Market Share of Liquor Industry

Number of producers grew by 1.1% over the last year for a total of **2290** active craft distillers in the U.S.

Market volume reached 12m 9-liter cases in retail sales in 2020, growing at an annual growth rate of 7.3%.

Value terms the market reached \$6.7 billion in sales, growing at an annual growth rate of 9.8%

US craft spirits market share of TOTAL US spirits reached 4.7% in volume and 7.1% in value in 2020, up from 2.2% in volume and 3% in value in 2015.

Investment Opportunities

Since the enactment of the Craft Beverage Modernization and Tax Reform Act, INVESTMENTS by craft producers have continue to increase. In 2020, the amount of capital invested by the U.S. craft spirits industry was \$759 million, an increase of over \$61 million from 2019.

By comparison, in 2015, investments reached close to \$300 million.

Employment – Jobs Jobs Jobs Jobs

On the rise – BUT COVID TOOK A TOLL – with about 50% of income derived directly from tasting rooms (similar to pubs or wine tasting rooms), employees were either furloughed or terminated. Total employment surpassed the **30,000** mark in 2019 but was reduced by nearly 50% in 2020 to under

17,000

What Other Industries Benefit?

Economic Contribution of Craft Spirits

The United States: 2018

Direct Economic Impact	Jobs	Wages	Output
Distilling	10,222	\$1,011,944,400	\$14,145,297,600
Distilling Associates	15,024	\$1,411,044,200	\$4,160,551,400
Wholesaling	1,327	\$112,779,500	\$325,247,400
On Premise Retailing	10,119	\$267,415,000	\$553,753,000
Off Premise Retailing	4,253	\$150,649,000	\$357,322,100
Total	40,946	\$2,953,832,600	\$19,542,171,900

Supplier Impact	Jobs	Wages	Output
Agriculture	1,733	\$52,112,200	\$234,769,400
Mining	528	\$56,447,700	\$176,123,900
Construction	743	\$44,118,800	\$116,429,300
Manufacturing	4,807	\$351,830,900	\$1,065,227,400
Wholesale	160	\$13,804,600	\$39,811,100
Retail	402	\$16,516,500	\$36,884,500
Transportation & Communication	4,027	\$360,528,500	\$1,240,313,100
Finance, Insurance & Real Estate	4,085	\$267,074,800	\$961,245,300
Business & Personal Services	2,674	\$183,334,200	\$359,759,500
Travel & Entertainment	494	\$17,418,200	\$42,756,600
Government	529	\$47,859,000	\$121,837,300
Other	0	\$0	\$0
Total	20,182	\$1,411,045,400	\$4,395,157,400

Induced Economic Impact	Jobs	Wages	Output
Agriculture	746	\$25,023,900	\$86,728,700
Mining	162	\$18,581,300	\$49,798,900
Construction	438	\$26,043,000	\$70,182,800
Manufacturing	1,850	\$138,480,700	\$988,774,000
Wholesale	1,128	\$95,987,700	\$276,821,500
Retail	5,246	\$180,179,100	\$451,307,400
Transportation & Communication	2,099	\$173,223,000	\$719,483,000
Finance, Insurance & Real Estate	4,550	\$263,080,600	\$1,631,725,300
Business & Personal Services	15,502	\$859,316,600	\$1,554,547,800
Travel & Entertainment	5,731	\$151,875,800	\$414,077,500
Government	459	\$40,491,200	\$110,964,400
Other	1,019	\$36,794,600	\$27,060,600
Total	38,930	\$2,009,077,500	\$6,381,471,900

Total Economic Impact	Jobs	Wages	Output
Total	100,058	\$6,373,955,500	\$30,318,801,200

Tax Impact	Business and Personal	Consumer	Total
Federal Taxes	\$2,165,017,700	\$157,919,700	\$2,322,937,400
State Taxes	\$5,219,762,900	\$369,958,300	\$5,589,721,200
Total Taxes	\$7,384,780,600	\$527,878,000	\$7,912,658,600

Source: John Duthum & Associates
New York, New York: 2020

Host State - Oklahoma

What about OK?

Economic Contribution of Craft Spirits

State of Oklahoma: 2018

Direct Economic Impact	Jobs	Wages	Output
Distilling	31	\$3,987,100	\$45,207,700
Distilling Associates	67	\$13,699,400	\$27,787,600
Wholesaling	1	\$50,900	\$168,200
On Premise Retailing	44	\$1,053,800	\$2,212,100
Off Premise Retailing	17	\$574,200	\$1,218,100
Total	160	\$19,365,500	\$76,593,700

Supplier Impact	Jobs	Wages	Output
Agriculture	19	\$515,400	\$2,054,300
Mining	37	\$4,292,000	\$8,457,500
Construction	2	\$112,200	\$289,800
Manufacturing	72	\$5,442,700	\$12,540,800
Wholesale	1	\$36,800	\$121,700
Retail	1	\$49,400	\$116,300
Transportation & Communication	14	\$1,465,000	\$4,283,200
Finance, Insurance & Real Estate	24	\$1,137,900	\$4,842,000
Business & Personal Services	9	\$448,500	\$1,022,500
Travel & Entertainment	2	\$48,200	\$125,600
Government	2	\$151,400	\$505,400
Other	0	\$0	\$0
Total	183	\$13,699,500	\$34,359,100

Induced Economic Impact	Jobs	Wages	Output
Agriculture	18	\$452,700	\$1,479,700
Mining	14	\$1,431,000	\$3,134,100
Construction	2	\$114,300	\$304,500
Manufacturing	16	\$995,000	\$7,977,800
Wholesale	5	\$388,300	\$1,289,500
Retail	24	\$728,500	\$1,905,100
Transportation & Communication	10	\$889,000	\$3,269,000
Finance, Insurance & Real Estate	22	\$828,600	\$6,355,400
Business & Personal Services	72	\$3,518,800	\$6,713,800
Travel & Entertainment	27	\$633,000	\$1,778,800
Government	3	\$178,700	\$663,300
Other	5	\$117,800	\$135,900
Total	218	\$10,275,700	\$35,006,900

Total Economic Impact	Jobs	Wages	Output
	561	\$43,340,700	\$145,959,700

Tax Impact	Business and Personal	Consumer	Total
Federal Taxes	\$6,676,700	\$1,055,700	\$7,732,400
State Taxes	\$13,374,800	\$2,067,100	\$15,441,900
Total Taxes	\$20,051,500	\$3,122,800	\$23,174,300

Source: John Dornham & Associates
New York, New York: 2020

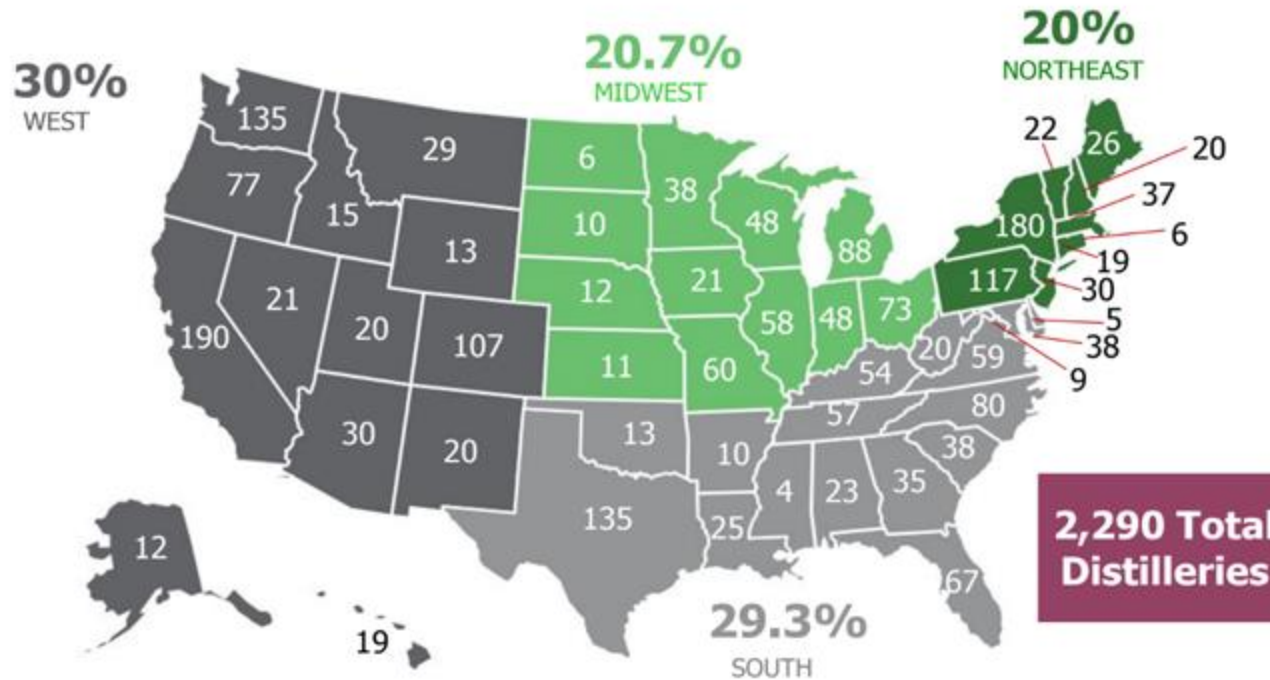
A National Perspective

Where are DSPs Operating?

Active Craft Distillers by State and Region



of Active Craft Distillers by State and Region as of August 2021



Sources: TTB, ACSA, ADI, State ABC Boards, State Guilds, Team Analyses

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park street

American CRAFT SPIRITS ASSOCIATION

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Alcohol and Tobacco Tax and Trade Bureau Statistics (TTB) [Under US Treasury]

Why it Should Matter to State and Local Governments

In 2010, fewer than 150 operating craft distilleries in the U.S. TTB had issued only 410 TOTAL DSP (distilled spirit plant permits. Only 47 states had businesses with most having fewer than 3).

In July 5, 2022, TTB issued 4218 DSPs in all 50 states. That represents a 929% increase in permits with DSPS in all states.

In 2021, TTB collected 8.4 billion in federal excise taxes.

Barriers to Entry

Considerations

- **Cash flows - 500K-15 million**
- **Zoning**
- **Fire Safety**
- **Supply chain disruptions**
- **Environmental - water**
- **Real estate costs**
- **Products that are laid down in barrels**
- **Three-tier distribution systems**
- **Lack of parity within alcohol beverage sector**
- **Market channel access - DtC; RTD placement, regs**
- **Taxes**

Case Studies - What's Happening

Examples of Success

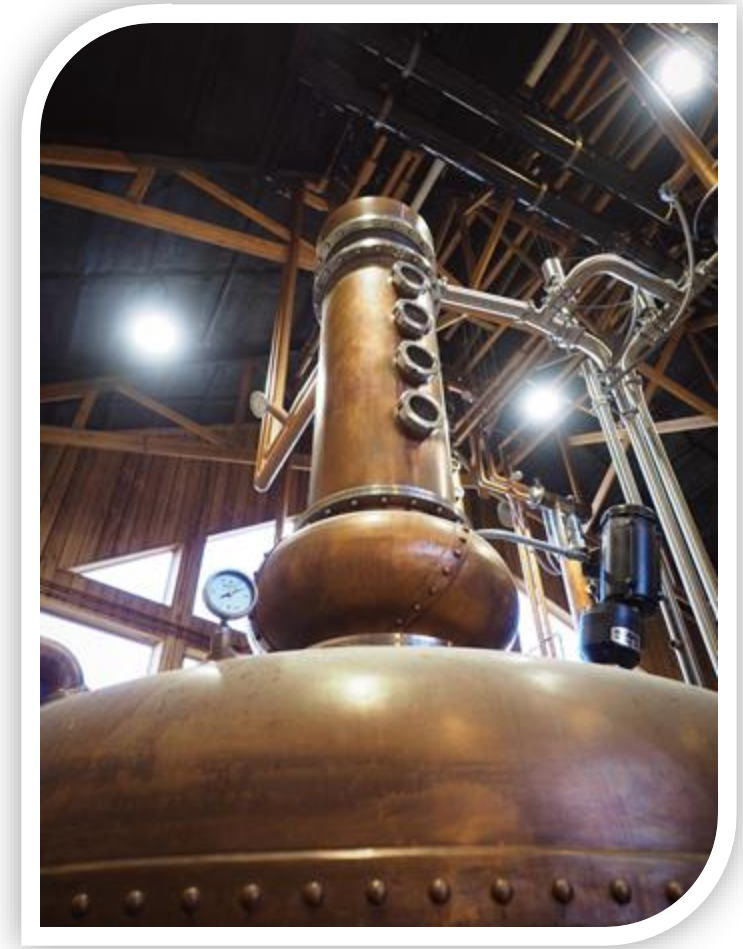


American
CRAFT SPIRITS
ASSOCIATION

Let's Take a Trip

Highlights from a few member distilleries

- New York
- Wyoming
- Wisconsin
- Florida
- Montana
- Oregon
- Illinois



New York Distilling Co Brooklyn NY



Williamsburg area of Brooklyn



Annual Visitors 15,000

Backwards Distilling Casper SY



Mountains and Moonshine



40,000 Visitors

Driftless Glen Distillery Baraboo WI

Circus NOT the only thing in town



Annually 7,100 Tasting Room Visitors and 54,000 Restaurant Visitors



DRIFTLESS GLEN DISTILLERY

"Taste The American Spirit"



St. Augustine Distillery, St. Augustine FL



Forever Young – More than that Fountain of Youth



Annual Visitors 160,000

Headframe Distillery Butte MT



Meetings



Thousands of Visitors



Freeland Distillery Portland OR



Magic in Chemistry



25% of Their Annual Sales

Blaum Brothers Distillery, Galena, IL



1 Million Visitors in the Town of Galena

Economic Development & Revitalization

How are Government Funds Helping?

- South Carolina
- Oregon
- Washington DC
- Maryland



High Wire Distilling Co, Charleston, SC

- *Nine FT employees - goal 25
- ***Charleston County Economic Development**
- *\$100,000 and property tax locked lower rate
- *Application: spreadsheet with job growth
- *Retention - Local Support - New Business
- *Capital Improvements
- *Took a dead inventory building and revitalized it along with landlord sharing in outside beautification
- *Dept of Agriculture - VALUE ADDED PRODUCERS Grant - Matching grant up to 250K on new product. Establish farming and lease land, grow and harvest 50% of the years total for that product.



Westward Whiskey, Portland, OR

- ***Prosper Portland** - Economic and urban development
- *project based with up to 50K
- *2 page application
- *improvements of building and land -use women and minority businesses for work accomplished
- *Redo patio and tasting room



Cotton & Reed Distillery, Washington DC

Deputy Mayor's Office for Planning and Economic Development



100,000-out of pocket reimbursement for bottling equipment & bldg.

Locally Made Manufacturing Grant

Tenth Ward Distilling Company, Frederick, MD

- *Governor's office, SBA, local economic development

- *\$60,000 from MD and \$20,000 local grants

- *state loans forgiven

- * **TENTH WARD DISTILLING COMPANY**

- *Slow business due to inflation and COVID numbers returning to spike

- *Supply chain disruption impacts those grants that have stringent times in which to complete work

Innovation - What Can States Do?

Empower a working group of beverage alcohol: distilleries, breweries, vintners, cideries

Review tax structure – is it fair?

Look at public policy reasons for closing market access and seek to modernize

Recognize consumer choice and consumer convenience

Support healthy competition



Keep in Mind...

Small craft businesses infuse a vibrant spirits into communities

LOOK CLOSELY AT THE PRESENT YOU ARE
CONSTRUCTING. IT SHOULD LOOK LIKE THE FUTURE YOU
DREAM OF. ALICE WALKER

LET US ACT AS A RESOURCE: www.americancraftspirits.org

Margie A.S. Lehrman - margie@americancraftspirits.org



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