

CRAFT LAWS

FOR

CRAFT BEER



MINNESOTA
CRAFT BREWERS GUILD

2020 LEGISLATIVE PRIORITIES

CONSUMER-DRIVEN OFF-SALE PACKAGING

Amend off-sale restrictions to allow breweries & brewpubs to sell up to 768 oz of beer per customer per day in any vessel size or style for off-premise consumption, subject to the existing 750 barrel cap annual cap.

- This is consistent with the intended purpose of allowing limited taproom and brewpub off-sales, which is to enable small breweries to directly market their products in order to build brand recognition and consumer demand.
- It ensures that the beer marketed to consumers is packaged in a manner that ensures freshness and intended flavor at the point of consumption.
- It responds to overwhelming consumer demand and expectations and is consistent with both national packaging trends and craft beer laws in other states.
- It enables investment in canning and bottling infrastructure and, consequently, the capacity to enter distribution earlier and by smaller breweries.
- It gives liquor stores access to continuously new products, which is what today's retail beer consumers demand most.
- It allows breweries to sell seasonal and experimental beers that are produced in quantities too limited for wholesale distribution.
- It supports responsible consumption by allowing consumers to enjoy individual servings of beer without concern that the rest will go flat.

JOINT SALES OF COLLABORATION BEERS

Allow breweries that collaborate together on the development of a beer to each sell the collaborative beer in their own taproom regardless of which brewery is the commercial production location as long as its less than 20% of their taplines.

- This supports the development of new, innovative beers that are the driving force in the growth and success of craft breweries and the entire beer sector.
- It will increase the volume of beer sold through wholesale distribution.
- It will strengthen beer tourism in Minnesota as consumers from across the country visit and continue to return to our state to try their favorite breweries' newest products.

CLARIFICATION OF BREW PUBS' ABILITY TO PARTICIPATE IN CHARITY BEER FESTIVALS

Clarify statutory authorization for brew pubs to donate, deliver, and serve beer at tasting festivals hosted by non-profit organizations.

- The existing statutory language provides this authorization clearly for breweries but is ambiguous with respect to brew pubs. There is no public policy reason to exclude brew pubs.

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MN CRAFT BEER BY THE NUMBERS

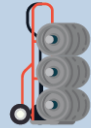
180+
MN CRAFT
BREWERIES



26%

DO NOT DISTRIBUTE*

*Many are brewpubs and cannot distribute.



57%

SELF-DISTRIBUTE

*Average barrelage for self-distributing brewers in 1,323.



24%

HAVE A DISTRIBUTOR*

*Some still maintain a level of self-distribution.

ECONOMIC IMPACT

**\$2.11
BILLION**

LABOR INCOME/YR

**\$672.6
MILLION**

AVERAGE SALARY

\$49,295

41%

**OF BREWERIES
ARE LOCATED
IN GREATER
MINNESOTA**

59%

**OF BREWERIES
ARE LOCATED IN
THE METRO**

4194

**PART & FULL TIME
EMPLOYEES**



66%

**PROVIDE
BENEFITS**

FAQS

Do your priorities seek to bypass the three-tier system?

No--our priorities seek to enhance the durability of the three-tier system to regulate today's beer market.

The three-tier system was created to ensure market competition among beer producers, to protect retailers and consumers from predatory marketing practices by large, consolidated breweries like ABInBev and MillerCoors, and to promote orderly market operations. Craft brewing and changing consumer preferences have transformed the marketplace into one with unprecedented competition at the production tier with an especially significant rise in the number of small breweries. Given the realities of the changing marketplace, the Guild seeks to work with our partners in the distribution and retail tiers to advance sensible reforms that (1) modulate the flexibility afforded by the system to craft brewers to match their size and the scope of their opportunity, (2) allow all three tiers to better serve the needs of consumers, and (3) as a consequence, enable MN to maintain our three-tier system's legacy of success into the future.

What will the impact of breweries selling 4/6 packs be on independent liquor stores?

Many of our members are currently unable to sell their products in liquor stores because they are too small to have the demonstrated consumer demand or production volumes that wholesalers require for entering distribution

agreements. The ability to market 4/6 packs directly to consumers can give small breweries the margins necessary to invest in canning/ bottling infra-structure and accelerate their ability to enter distribution and retail.

Wasn't raising the growler cap the Guild's top priority?

The Guild has and continues to believe that the growler cap imposes an unfair and unjustified penalty on the success of craft breweries. That penalty has, in fact, come to bear on a few of the Guild's largest members who either have or will soon be forced to lose a substantial portion of their sales and, as a result, be forced to layoff workers and leave their consumers' demands unmet.

The great majority of the Guild's members, however, are nowhere near producing 20,000 barrels and, as such, raising the growler cap does little to advance the greater vitality of craft brewing in Minnesota. By contrast, the priorities put forth by the Guild this session help to support craft breweries of all sizes while also balancing the stability required by our distribution- and retail-tier partners.