



November 17, 2020

Honorable Members of the Washington State Legislature:

I write today as Executive Director of the Washington Brewers Guild, the non-profit trade association representing Washington State's small and independent breweries. Washington is home to over 400 breweries and these small brewery businesses directly employ over 6,300 workers in urban, rural and suburban communities all across our great state.

Washington small brewers have been deeply impacted from the dire economic dislocation caused by the ongoing – and vital – effort to combat and prevent the spread of COVID-19. Craft brewers are doing their part to help Washington communities get beyond this crisis and are committed partners in the fight against COVID-19, following all Safe Start guidelines for restaurants and prioritizing the health and safety of their employees and patrons in all aspects of their operations.

Today, many of our state's small and independent breweries are on the brink of financial ruin. Sunday's announcement of an indoor dining ban for breweries, restaurants, and bars will result in additional brewery job losses and further economic hardship for independent brewery owners who are already struggling to meet financial obligations necessary to keep their businesses alive.

Since the initial stay at home order issued in March, WA breweries have endured tremendous challenges. In many ways, the pandemic has impacted breweries similarly to the impacts felt by our partners in the restaurant industry. As both suppliers and retailers, WA breweries are also experiencing challenges unique to the brewing industry.

- Two-thirds of Washington breweries produce less than 500 barrels (1,000 kegs) a year. Breweries this size rely on on-premise draft sales and limited local distribution in kegs to restaurants and bars – sales channels that have been decimated by the pandemic and pandemic related regulatory restrictions - as their primary source of income
- Operational costs have increased as revenue has dramatically declined. WA breweries were largely not set up to package and distribute packaged product prior to the pandemic. They have made significant investments in canning lines and supplies, as well as increased costs for PPE and cleaning supplies, new infrastructures for outdoor cold weather dining, and a new Safe Start requirement that breweries provide meals on-site for indoor service, effective since July
- While grocery store beer sales have remained somewhat steady, most Washington breweries are small and lack the distribution network and scale to secure shelf space in grocery stores and other off-premise establishments
- Beer is a perishable product. Extended on-premise closures result in breweries needing to destroy product that has gone bad while they were unable to sell it in the marketplace
- Small brewers nationwide are experiencing supply chain challenges. Aluminum can sourcing is particularly challenging, as breweries nationwide pivot to canning product in efforts to make off-premise sales

- If Congress does not act to extend the current federal beer excise tax rate by December 31st, small brewers will see a 100 percent increase in their federal beer excise tax starting as early as January


Washington's small craft brewers and their employees need your help. We are asking for your support in the upcoming Legislative Session, as well as your aid in working with the Inslee administration to provide solutions for Washington breweries to weather this enormous national health crisis. Among potential relief efforts, we ask that you consider:

- Immediate distribution of the \$50 million small business grants identified by Governor Inslee, with special consideration for brewery and hospitality businesses that have been disproportionately impacted by the covid-19 crisis
- Identify and allocate additional small business grants and for brewery and hospitality businesses early in the upcoming Legislative Session
- Ensure the unemployment system is secure and accessible, and identify funds to support affected brewery and hospitality workers
- Work with our guild and support legislation that will provide relief and flexibility for Washington's small breweries in the upcoming Legislative Session
- Reject any measures that would cause further economic hardship to breweries, including increases to the beer excise tax

We appreciate all that you are doing to advocate for small business while working to support healthy communities during this time of extreme challenge. We urge you to move forward swiftly with assistance, as WA brewers need immediate relief to address the impacts being felt by this health emergency.

Please consider our guild and brewery members as your partners, as we are committed to working with you to support the needs of our industry and our communities. Thank you in advance for your consideration.

Sincerely,



Annie McGrath
Executive Director
Washington Brewers Guild