

THE
DRINK LOCAL
ECONOMIC RECOVERY PACKAGE



The Honorable Zack Stephenson, Chair
Minnesota House Commerce Committee
Room 509, State Office Building
St. Paul, MN 55155-1232

Re: Utepils Brewing Co testimony on HF 1192 (Olson)

Dear Chair Stephenson and Members of the Committee:

I wish to express my strong support for the Minnesota Legislature to modernize the laws that regulate the beer, wine, and cider industry along with our partners in both the hospitality & distribution industry.

These laws were created nearly a century ago to curb problems and issues relevant to that era. While some of those issues may remain, the business and cultural landscape has changed tremendously. MN's laws remain focused on the past and do not embrace the future.

As a small brewery seeking to grow to be a bigger and more stable business, modernizing our laws to reflect what our consumers expect and want us to provide is key to our ability to continue to grow.

MN breweries face competition from not only other MN breweries but businesses located outside of our borders. These competitors seek Minnesotan's dollars with their products and their business's balance sheets are supported by the modernized laws of their states.

- How do we compete when an out of state competitor can cut their margins due to different revenue streams?
- How do we compete when an out of state competitor can afford greater marketing budgets based on their home market sales?

Our industry asks for the ability to compete on a level playing field.

And, we're actually not asking for "big" asks such as the chance to have multiple Taprooms within Minnesota! Although, it would be a dramatic change that other states allow. We're asking for simple steps such as package flexibility to help with supply chain disruptions and our customers expectation of what we can sell. Asking for changes to support our retailers who are the direct point of contact with the general public. Writing specific package sizes into law, means we cannot adapt to changing demands plus we have to special order unique package sizes as opposed the rest of the national market. Still embedded in MN law is a specific dollar limit that a brewery can spend to support a retailer! That \$100 limit might have made sense in the 1940's but it hasn't been updated and makes no sense in 2021!

We need to open flexibility for our in-state breweries to make & sell legal products in the formats our Minnesota consumers want. Give us the ability to do true collaborations between breweries so that both businesses can sell the resulting beer. And would it not be grand to offer guest beers or ciders in our Taprooms to provide diversity for our patrons. The looks of confusion of tourists visiting MN who expect us to offer what is normal and customary in their life experiences back home and virtually every other state they have visited are literally visual reminders of revenues not available to us.

Our brewery made a decision long before we opened that we were (and remain) committed to the three-tier system and our beer is distributed by such firms in three states. The changes in HF 1192 will not harm that system. This is clear based on what is happening in states across America with modernized

laws. WI is always put forth as the state with the most brewery supportive laws in the country yet, they have a strong and robust network of distribution firms and retailers selling both package beer and draft beer in stores, bars, supper clubs and restaurants.

These changes are changes. No getting around that fact. The reality is that this overall package improves the economic health of the entire ecosystem in the alcohol and hospitality industries. If this particular package of changes is not perfect, the need to create modern laws reflecting modern business realities and consumer demands is still there. Let's get a true discussion going on what that modernization looks like and how it helps Minnesotans, Minnesota businesses, and in fact the State of Minnesota.

A stronger hospitality ecosystem means more jobs, better jobs, healthier MN businesses, and a more attractive tourism industry. In the end, more taxes paid to the State and local governments.

Let us accept change, manage choices, and choose those that increase prosperity.

Sincerely,

Daniel Justesen
Founder & President
Utepils Brewing Co
Minneapolis | 28 Employees