



March 13, 2024

### **Testimony in Support of House Bill 7843**

Representative McEntee, Chair, Small Business Committee, and Committee Members:

I am writing in support of House Bill 7843 that would allow breweries to transport beer between our manufacturing location and up to two satellite taprooms.

I want to start off by first thanking this committee and many of its members who have supported the growth of the craft beer industry in RI in recent years. The number of breweries in RI has grown exponentially in the past ten years, from 2 to nearly 40, largely as a result of changes to legislation that fostered this growth. Because of these changes, the RI brewing industry has been a bright spot in terms of job creation, tourism revenue, and manufacturing in RI, and we have been celebrated for this success.

Many breweries throughout New England, and the rest of the country for that matter, have multiple retail locations. It is a natural progression for growing businesses to expand as they try to meet the increased demand from their customers. For breweries, this often means opening "satellite" taprooms in new areas to expand their customer base. A central manufacturing location is often utilized to produce the beer and it is then transferred to one or more satellite taprooms for retail sales. In Rhode Island, however, this practice is prohibited due to restrictions in the current language of our licensing. Rhode Island breweries are only allowed to sell the beer that is produced at the place of manufacturing. This means that in order to open a second location, we would also need to open a second manufacturing location. This is extremely cost-prohibitive due to the extensive infrastructure and equipment needed to operate a brewery and produce beer. The average cost to open a full scale production brewery such as this averages between \$500,000 and \$1,500,000, oftentimes even more. The cost to open a taproom only, without the associated costs of brewing and production equipment, is a fraction of that cost. This is why most breweries choose to operate a single manufacturing location but operate satellite taproom locations to help with the sale of their product. House Bill 7843 would remove the need to open a second manufacturing location and would allow breweries to operate up to two satellite taprooms, as is common practice elsewhere.

Thank you very much for your consideration in this matter. If I can be of any assistance or answer any questions, please don't hesitate to contact me.

Thank you.

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