

American
CRAFT SPIRITS
ASSOCIATION

February 27, 2023

TO: House Committee on Economic Development and Small Business
FROM: American Craft Spirits Association
RE: Support for House Bill 2976

Chair Bynum, Vice-Chair Nguyen and Morgan and Members of the Committee:

I am writing on behalf of the American Craft Spirits Association to express our support for House Bill 2976 that would establish the Oregon Spirits Board and help promote the state's craft spirits producers.

The American Craft Spirits Association (ACSA) is the only national not for profit trade association solely dedicated representing the U.S. craft spirits industry with a mission to elevate and advocate for the community of craft spirits producers. Currently ACSA is made up of over 700 small business manufacturers and industry partners.

Craft Spirits Industry Growth Contributes to the Premiumization of the Spirits Category

According to our *Craft Spirits Data Project* © (2022) (CSDP) developed in partnership with Park Street, the number of craft distillers in the US grew to 2,687 or up about 17% since August 2021. The number of craft distilleries in Oregon alone is approaching 100 and has experienced significant growth over the last 10 years. In fact, Oregon holds the distinction of hosting the 7th largest number of craft spirits manufacturers in the U.S.

This growth is contributing to the premiumization of the spirits category. According to recent market trends, premium spirits or those priced over \$25.00 per bottle continue to be the fastest growing segment of the spirits category. Current NielsenIQ scan data indicates the average 750ml bottle price of craft spirits is about \$47.13 compared to \$25.64 for all spirits sold at retail.

Most Sales by Craft Distilleries Take Place in their Home State Requiring New Policies to Enhance Growth

Distilleries are located in all 50 states, the majority of which are small and independently owned. In 2022, craft spirits sales grew over 10% on a volume basis. Despite this growth and increasing consumer demand for premium spirits products outlined above, craft spirits sales still remain just under 5% of all spirits sold on a volume basis and close to 8% on a dollar value.

The CSDP indicates about **half** of all craft spirits sales and **over 90%** of all sales made by the smallest craft producers are within the home state of a craft distiller. New policy approaches especially at the state level are required to help the craft industry grow across state lines and abroad.

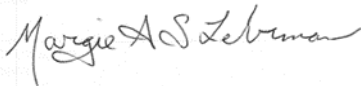
Oregon Spirits Board Will Promote Craft Distilleries and Support Other Important State Industries

House Bill 2976 will ensure the Oregon is at the forefront of recent efforts to support its craft spirits industry. A number of states have created new spirits promotion boards or expanded existing promotion boards to include in state spirits including Michigan, Maryland, and Virginia. Additional proposals, besides Oregon House Bill 2976, are currently being considered in other state legislatures this year including Indiana and Iowa. Although there are differences in these proposals, each underscore the importance of craft spirits production to their respective state's economies as well as promote the state's craft distillers outside of their state.

House Bill 2976 is a 'win-win' policy proposal because creating an Oregon Spirits Board will not only directly assist Oregon craft distillers by helping them compete in a competitive marketplace here in the U.S. and globally, but will also benefit supporting industries that are vital to the state's craft spirits industry including agriculture and tourism.

Thank you for your consideration of our position and ACSA stands ready to be a resource to you and the Committee. Please do not hesitate to reach out to me by phone at (202) 669-3661 or email at Margie@AmericanCraftSpirits.org, if we can be of further assistance.

Sincerely,



Margie A.S. Lehrman
Chief Executive Officer
American Craft Spirits Association