

Committee Report

REGULAR CALENDAR

May 13, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Majority of the Committee on Commerce and Consumer Affairs to which was referred SB 125-FN,

AN ACT relative to beverage manufacturer licenses.

Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. John Hunt

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee:	Commerce and Consumer Affairs
Bill Number:	SB 125-FN
Title:	relative to beverage manufacturer licenses.
Date:	May 13, 2021
Consent Calendar:	REGULAR
Recommendation:	OUGHT TO PASS WITH AMENDMENT 2021-1237h

STATEMENT OF INTENT

This bill makes changes to the requirements for serving samples for beverage manufacturers and nano breweries; provides for contract brewing arrangements for nano breweries and brew pubs; and allows for intrastate direct shipping by beverage manufacturers, nano breweries, brew pubs, wine manufacturers, importers, wholesalers, or retailers. The intent of this was to even the playing field for all beer producers and also to allow for them to ship in state. The majority of the committee felt this legislation was timely and address the inequities among the various producers.

Vote 13-6.

Rep. John Hunt
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Commerce and Consumer Affairs

SB 125-FN, relative to beverage manufacturer licenses. **MAJORITY: OUGHT TO PASS WITH AMENDMENT. MINORITY: INEXPEDIENT TO LEGISLATE.**

Rep. John Hunt for the **Majority** of Commerce and Consumer Affairs. This bill makes changes to the requirements for serving samples for beverage manufacturers and nano breweries; provides for contract brewing arrangements for nano breweries and brew pubs; and allows for intrastate direct shipping by beverage manufacturers, nano breweries, brew pubs, wine manufacturers, importers, wholesalers, or retailers. The intent of this was to even the playing field for all beer producers and also to allow for them to ship in state. The majority of the committee felt this legislation was timely and address the inequities among the various producers. **Vote 13-6.**

REGULAR CALENDAR

May 13, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on Commerce and
Consumer Affairs to which was referred SB 125-FN,**

AN ACT relative to beverage manufacturer licenses.

**Having considered the same, and being unable to agree
with the Majority, report with the following resolution:**

RESOLVED, that it is INEXPEDIENT TO LEGISLATE.

Rep. Jane Beaulieu

FOR THE MINORITY OF THE COMMITTEE

MINORITY COMMITTEE REPORT

Committee:	Commerce and Consumer Affairs
Bill Number:	SB 125-FN
Title:	relative to beverage manufacturer licenses.
Date:	May 13, 2021
Consent Calendar:	REGULAR
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

The minority opposes the amended version of this bill which makes several major changes that adversely impact the 3 tier system. This omnibus bill is complex and should be studied later this year by a Commerce subcommittee with the goal of forming a study commission to thoroughly review all the liquor licenses currently in statute. The Liquor Commission identified several provisions that could impact future revenues of the Commission. For these reasons we voted to find this bill Inexpedient to Legislate.

Rep. Jane Beaulieu
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Commerce and Consumer Affairs

SB 125-FN, relative to beverage manufacturer licenses. **INEXPEDIENT TO LEGISLATE.**

Rep. Jane Beaulieu for the **Minority** of Commerce and Consumer Affairs. The minority opposes the amended version of this bill which makes several major changes that adversely impact the 3 tier system. This omnibus bill is complex and should be studied later this year by a Commerce subcommittee with the goal of forming a study commission to thoroughly review all the liquor licenses currently in statute. The Liquor Commission identified several provisions that could impact future revenues of the Commission. For these reasons we voted to find this bill Inexpedient to Legislate.

Original: House Clerk

Cc: Committee Bill File

Voting Sheets

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/22/2021 9:55:55 AM
Roll Call Committee Registers
Report



2021 SESSION

Commerce and Consumer Affairs

Bill #: SB125 Motion: OTP/A AM #: _____ Exec Session Date: 5/13/21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Hunt, John B. Chairman	13		
Potucek, John M. Vice Chairman	1		
Osborne, Jason M.	2		
Ammon, Keith M. Clerk	3		
Abramson, Max	4		
Ham, Bonnie D.	5		
Depalma IV, Joseph	6		
Greeson, Jeffrey	7		
Johnson, Dawn M.	8		
Terry, Paul A.	9		
Bartlett, Christy D.		1	
Abel, Richard M.		2	
Herbert, Christopher J.	10		
Van Houten, Constance		3	
Fargo, Kristina M.		4	
Weston, Joyce		5	
Beaulieu, Jane E.		6	
Burroughs, Anita D.	11		
McAlear, Chris R.	12		
TOTAL VOTE:	13	6	

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK



1/22/2021 9:55:55 AM
Roll Call Committee Registers
Report

2021 SESSION

Commerce and Consumer Affairs

Bill #: SB125 Motion: OTP AM #: 1237h Exec Session Date: 5/13/21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Hunt, John B. Chairman	19		
Potucek, John M. Vice Chairman	1		
Osborne, Jason M.	2		
Ammon, Keith M. Clerk	3		
Abramson, Max	4		
Ham, Bonnie D.	5		
Depalma IV, Joseph	6		
Greeson, Jeffrey	7		
Johnson, Dawn M.	8		
Terry, Paul A.	9		
Bartlett, Christy D.	10		
Abel, Richard M.	11		
Herbert, Christopher J.	12		
Van Houten, Constance	13		
Fargo, Kristina M.	14		
Weston, Joyce	15		
Beaulieu, Jane E.	16		
Burroughs, Anita D.	17		
McAleer, Chris R.	18		
TOTAL VOTE:	19	0	

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON SB 125-FN

BILL TITLE: relative to beverage manufacturer licenses.

DATE: April 27, 2021

LOB ROOM: Zoom **Time Public Hearing Called to Order:** 11:12 a.m.

Time Adjourned: 12:09 p.m.

Committee Members: Reps. Hunt, Potucek, Ammon, Osborne, Abramson, Ham, Depalma IV, Greeson, Johnson, Terry, Bartlett, Abel, Herbert, Van Houten, Fargo, Weston, Beaulieu, Burroughs and McAleer

Bill Sponsors:

Sen. Gannon

Sen. Perkins Kwoka

Sen. Carson

Sen. Rosenwald

Sen. Bradley

Rep. Welch

Rep. Weyler

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Sen Gannon

Brewers and vineyards add 506 million dollars to our economy. Helps our tourist industry. Let's spread more jobs in NH. The bill is intended to simplify the craft beer industry to make NH more competitive. This bill would have had an effect on the three-tiered system. Then we amendment it to not effect the three-tier system. We allow licensees to have a retail outlet, just one. The idea if you were brewing in Berlin, then you could have a satellite location in Portsmouth to spread your label and get people to try your beer. Helping NH businesses is what we're all about. I'm going to defer to Chairman Hunt to explain the issues. There's a 20 year history on this going back and forth. I believe chairman Hunt may have an amendment.

Aidan Moore

Legal coordinator for the State Liquor Commission. Working off of amendment 0745s. Section 1 removes some of the limitations that are in place for quantities that consumers can buy at a manufacturer's facility. Sections 2-4 deal with contract brewing that would allow nano breweries and brew pubs to engage in contract billing. This is the exact language that appears as an amendment to SB17, which I believe this committee has already taken up. Section 5 deals with intra-state shipment of alcohol. RSA passed long ago to allow businesses outside of NH to ship products into NH. This would allow businesses located within the state to ship to consumers located in NH. The permits that are part of this are not subject to fees. Section 6 deals with "satellite locations." Line 18 on page 4, you'll see the words "retail outlets." This appears to be authorizing a beverage manufacturer to obtain more than one retail outlet. Section 7 creates a new definition of beverage manufacturer retail outlet. The terms are precedent for obtaining a satellite location. The manufacturer would need to manufacture product at that site of the retail location.

Rep Weston

Q: There are a couple figures which confuse me. The maximum amounts for nano brewer and brewpub are not the same. Why are those maximums different?

A: The brewpub preceded the nano brewers because of its capacity. A restaurant that wanted to brew beer for its customers would have the ability to do so. The idea for the nanos is that 2000 is a reasonable level for an “incubator business.” If there to exceed that, they would have to move up to a beverage manufacturer’s license.

Rep Bartlett

Q: We’re dealing with omnibus bills. Does SB125 include everything that is in Part 2 of SB17?

A: Yes, I believe that is the case. We worked with Sen Birdsell and the industry was tight. And it was reintroduced into SB125. We have duplicated it.

Rep Van Houten

Q: The 3 tier system seems to be unravelling it. Would we be better off establishing a commission to make sure we aren’t eroding the system?

A: Each year bills come and often times it’s not clear would the impact of that legislation would be. Systems need not be static and never change. There needs to be balance and the process needs to be complex and there are a lot of interlocking pieces. It is critical to look at the long term effects and examine how the change would effect different parts of the system.

Rep McAleer

Q: I thought I heard something contradictory. Can a brewery have more than one satellite?

A: This could be an error. The word outlets is plural and could be interpreted to be more than one.

Q: Would the satellite facility have to brew?

A: I’m just looking at amendment 745s. I don’t know if future amendments would change that.

Rep Abel

Q: How can the liquor commission keep track of what’s brewed and sold so the state gets its revenue?

A: The commission takes seriously its duty to collect revenues. I don’t see anything that would cause us significant budgetary challenges.

Rep Ammon

Q: Satellite retail locations can only sell a single manufacturer’s product, correct?

A: Correct.

Kirsten Neves *

Tuckerman Brewing opened in 1998. We’ve seen significant changes over the last 2 decades. Brewery tasting rooms have become popular with locals and tourists. Over the years licensing has not kept pace with the brewing industry. If NH breweries want to keep up with competing states, SB125 would eliminate regulations. It would allow us to have a satellite location in a more heavily part of town. We could open in a different part of the state that doesn’t have seasonal fluctuations like the North Country has.

Rep Burroughs

Q: I'm confused about page 4. Do you have a limit on the amount of servings you can have in your Conway facility?

A: SB125 doesn't pertain to the pint limits. It pertains to the off premise sales.

Q: This wouldn't limit what you can serve in the Conway facility?

A: It doesn't address that.

Mike Somers

President and CEO NH Lodging and Restaurant Assoc. The intent for satellite locations was to have one per brewery. This amendment could allow multiple locations that would compete with our restaurant locations that have food requirements.

Rep Hunt: We'll have an amendment to this bill that would address this issue.

Rep Abramson

Q: Where in the amendment does it allow unlimited satellite locations?

A: It doesn't put a restriction on it.

Rep Hunt: Outlets is plural and applies more than one.

Q: What would be a reasonable limit?

A: The intent was to have one per brewery. We could live with that. Ultimately, the way it's drafted, you can have one in multiple towns or cities.

Scott Schaier

Director of NH Beer Distributors Assoc. We support the bill. We do have some concerns on the number of satellite locations and the production requirements.

Rep Abramson

Q: Did you need just one satellite location or do some breweries need more than one.

A: One is probably a reasonable amount given the geography of our state.

Rep Hunt: One is what we did with the wine producer. Where you're manufacturing zoning might not lend itself to retail in a commercial, warehouse type of environment.

Dennis Molnar

Co-owner of Concord Craft Brewing Company. I am in support of the bill including one satellite location for all breweries of any size. Through covid, our ability to adapt to the issues was very important. Prior to covid we were the largest nano brewery in the state. We have two distribution partners in the state. When covid hit we went from distributing to 300 restaurants and bars to about zero. The ability to ship within the state, to sell from our facility, and having a satellite location would really help businesses like ours. If things go well this year, we'll produce 500,000 pints of beer. This bill would help breweries like ours grow.

Kate Frey

New Futures. We found this bill very confusing. We don't have any issues with making nano breweries very competitive. We are slowly dismantling the three-tier system. None of the new funding goes to treatment and prevention of substance use disorder. I have a concern about expanding intra-state delivery for all vendors and would want to have more information about that. I strongly suggest the committee retain the bill. This bill has been a moving target since the beginning and has been difficult to follow.

Andy Day

Daydreaming Brewing Co. Cask and Vine. Restaurant in downtown Derry. We've secured personal loans to expand all three of our businesses. My current tasting room is 14x10 feet. Our proposed tasting room is 3 times that. The laws allow our winery to have a tasting room and it makes sense to have our brewery have the same thing. I am very much in support of SB125.

Drew Cline

President of Josiah Bartlett Center. In our view, the laws that regulate NH craft breweries should enable innovation and entrepreneurial growth. Four changes. Removes

11:55 AM

#2 Removes an unnecessary restriction on contract brewing.

#3 Removes unnecessary restriction on intra-state producers. This gives large out of state breweries and wineries a competitive advantage. Why can consumers order from grocery stores and restaurants and not directly from manufacturers.

#4 Removes prohibition of satellite retail locations.

The bill doesn't include nano brewers and brewpubs. Commercial real estate prices are low. SB 125 would remove barriers to small business growth. It would increase competition between brewers. The number of beer consumers is shrinking and not growing. Not clear to me what protections to consumers

Rep Beaulieu

Q: Are you representing yourself today?

A: As I said in the beginning, I'm here for the Josiah Bartlett Center.

Rep Burroughs

Q: Would you say the retail outlets are an easy venue for breweries to expand their business?

A: Small grocers have limited shelf space and you want to sell brands that consumers already know so the product will move. I'm sure you have noticed the number of beer stores that have opened across NH. Those also have very limited shelf space. Retail space prices have dropped dramatically so it's reasonable that breweries could open retail space.

John Dumas *

President and CEO NH Grocers Association. We're in opposition of SB125 as currently written. This bill would create several unintended consequences. The language pluralizes outlets. This action should mirror what's now in place for wineries. The bill directly conflicts with the three-tier system. This could create a system where they could create a large volume of alcohol at lower prices, competing with grocery retailers.

House Remote Testify

Commerce and Consumer Affairs Committee Testify List for Bill SB125 on 2021-

Support: 8 Oppose: 0 Neutral: 0 Total to Testify: 3

[Export to Excel](#)

<u>Name</u>	<u>City, State</u> <u>Email Address</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>Non-Germane</u>
Gannon, Senator Bill	Sandown, NH william.gannon@leg.state.nh.us	An Elected Official	Senate District 23	Support	Yes (5m)	No
Dumais, John	Manchester, NH dumais@grocers.org	A Member of the Public	Myself	Support	Yes (1m)	No
Moore, Aidan	Concord, NH aidan.moore@liquor.nh.gov	State Agency Staff	NH Liquor Commission	Support	Yes (10m)	Yes
Sarette, James	Concord, NH jcsarette@gmail.com	A Member of the Public	Myself	Support	No	No
Carson, Sharon	Londonderry, NH deborah.chroniak@leg.state.nh.us	An Elected Official	SD 14	Support	No	No
Perkins Kwoka, Senator Rebecca	Portsmouth, NH rebecca.perkinskwoka@leg.state.nh.us	An Elected Official	Myself (SD 21)	Support	No	No
Kindeke, Grace	Manchester, NH gkindeke@afsc.org	A Lobbyist	American Friends Service Committee	Support	No	No
Bradley, Jeb	Concord, NH jeb.bradley@leg.state.nh.us	An Elected Official	SD3	Support	No	No

Testimony



Testimony in Support of SB 125

27 April 2021

Honorable Members of the House Commerce and Consumer Affairs Committee:

I write today in support of Senate Bill 125. This bill is great news for the Granite State's small business community and native NH breweries—a vital and growing segment of destination tourism in our state.

My name is Jeff Cozzens. I co-founded Schilling Beer Company in Littleton in 2013 and serve as its CEO. I was elected President of the New Hampshire Brewers Association in 2020. Prior to starting our business I was a counterterrorism advisor to the US Government.

Today, I'm writing on behalf of approximately 80 of the 90 independent craft breweries in New Hampshire—the vast majority of them small, family-owned enterprises stretching from Nashua to Colebrook. The people behind these breweries embody entrepreneurship in its purest form. They represent stories remarkably similar to my own: they left professions, drained savings accounts and worked long hours to pursue their dream of small business ownership. They also bet that the communities in which they invested would grow along, side their breweries, and grow this sector has:

- NH breweries increased from 17 in 2013 to over 90 today.
- The 2019 economic impact of NH craft breweries was \$506M.
- NH breweries presently account for over 4500 jobs at an average salary of over \$42,000 per year.
- NH ranks in the top-10 nationally in breweries per capita—a statistic that we believe bolster's New Hampshire's "best quality of life" claim.

Beyond the numbers, craft breweries function uniquely within the state's new economy. They straddle multiple sectors including outdoor recreation, emerging technology and Main Street, owing to similar consumer interests and demographics. Their impact on destination tourism and overall community vitality has transformed dozens of NH towns over the last decade. Even in the most unlikely spots in the North Country, craft breweries are helping the state get younger and more attractive to tourists, other entrepreneurs, and those looking to relocate to our beautiful state. Craft breweries, we argue, should be at the heart of what the state should protect and promote to boost its post-COVID economy.

What makes the above even more impressive is that NH's breweries have been burdened with substantial regulatory complexity, making them generally less attractive to consumers than those in MA, VT and ME. These states have been eating our industry's lunch because of overregulation and our industry's brand has suffered accordingly. Every craft brewer I know in New England shares this perspective; it is also why my business was almost started in Vermont. *This is not the New Hampshire way.*



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For example:

- Current law deprives the smallest breweries the right to contract with larger ones—a tragedy during COVID, when small breweries are struggling to stay afloat and generally do not have the canning and storage facilities to bring their products to market.
- The law prohibits NH breweries from shipping direct to consumers within the state. This is burdensome, especially when out-of-state beers are flowing into NH's market.
- Unlike neighboring states (and unlike other native craft beverage industries in NH), brewers do not currently have the right to open a secondary, non-production retail storefront per license. This creates multiple issues of parity, needlessly deprives small businesses of income *and short-changes the state of approximately \$25,000 in tax revenue per location based on NHBA estimates.*
- Further, current law curtails the public's ability to purchase more than one case of beer or one 15-gallon keg directly from NH breweries—another problem of parity and diminished consumer access to NH-made products.

Senate Bill 125 is important because it directly addresses each of the above challenges. Our state's craft beer industry is behind the rest of New England's because of overregulation. While SB 125 is not a panacea, it *is* a crucial step towards helping NH breweries move towards parity with our neighbors while enhancing a vital economic sector.

Further, we support an amendment to SB 125 that gives Nano Brewery licensees the right to maintain a single retail storefront, as is presently under consideration for Beverage Manufacturers. Small wineries enjoy this right today—*without a production requirement*—and all breweries should enjoy the same. Those that assert that small breweries and craft beer consumers would not benefit directly from this option are unfamiliar with the industry's varied business models, marketing opportunities and consumer interests.

Senate Bill 125 isn't just about beer—it's about supporting opportunities for our businesses, families and communities through responsible deregulation, simplification and expanded consumer choice. *That* is the NH way.

Thank you for the opportunity to submit testimony. I am traveling today, which is why my submission is limited to writing. However, I am happy to answer any questions that you might have.

Respectfully submitted,

Jeff Cozzens
President,
New Hampshire Brewers Association

April 27, 2021

Testimony of Brian Moran
Director of Government Affairs, New England Convenience Store & Energy Marketers Association

New Hampshire General Court
House Commerce and Consumer Affairs Committee

SB 125-FN - An Act related to beverage manufacturers licenses.

Chairman Hunt, Vice Chair Potucek, and Members of the Committee:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents convenience store and gasoline retailers, independent transportation fuel distributors, and the businesses which supply them. According to the National Association of Convenience Stores, there are almost 900 convenience stores in New Hampshire (655 of which sell motor fuels) that employ over 14,000 people.

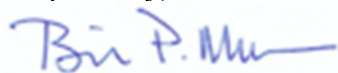
As proposed SB 125 would revise existing retail sales limitations and allow licensees to sell unlimited quantities of beverages for on or off-premises consumption, as well as allow manufacturers to operate a retail outlet for direct consumer sales.

NECSEMA opposes SB 125. Allowing manufacturer licensees to retail unlimited quantities of beverages for on or off-premises consumption gives manufacturers an advantage to off-premises permit holders which depend on beer and wine sales for a significant percentage of their revenue. Authorizing manufacturers to also establish a retail location with limited manufacturing operations also may encroach on or miss opportunities for distribution of these products to off-premises licensees. Existing off-premises licensees may be overlooked in the role we can play in the sale of niche or specialty beverages.

SB 125 blurs license and permit categories, disadvantages current off-premises permit holders, and may unintentionally pick winners in an evolving post-pandemic retail landscape.

Thank you for your thoughtful consideration of our position, and we sincerely hope the Committee votes that this amendment “ought not to pass”.

Respectfully,



Director Government Affairs
brian@necsema.net | 781-297-9600 x5

1044 Central Street, Suite 203
Stoughton, MA 02072
(781) 297 – 9600



4/26/2021

Stoneface Brewing Co.
436 Shattuck Way
Newington, NH 03801

Support of SB 125

Members of House Commerce and Consumer Affairs Committee:

I am writing on behalf of Stoneface Brewing Co, located in Newington, NH, in **support of SB 125**.

Stoneface Brewing Company began making and selling beer in 2014. We have grown from a two-person operation to one of the state's largest craft breweries with 40 employees, distribution in four states, and a full-service restaurant attached to the brewery.

During our 7+ years of operation, I have seen small, incremental changes to legacy statutes, but those relatively minor adjustments have not gone far enough to keep NH competitive in the minds of local craft beer fans. Our neighboring states have installed common-sense laws related to beer consumption and sales that help ensure the success of their respective craft beer industries. Unfortunately, many of NH's breweries are unable to meet the expectations of a modern craft beer fan. Restrictions imposed by archaic, confusing, and inconsistent laws create variability that is difficult to explain to visitors. The effect is akin to "ankle weights" placed on NH breweries, while ardent beer fans choose to visit out-of-state breweries that provide better visitation experiences.

The problems with visiting NH breweries begin with consumer confusion about what they will be allowed to do during their visit. It would be impossible to adequately educate NH residents and non-residents on the nuances of our existing liquor laws. Instead, brewery owners and their staff are backed into lengthy, awkward, sometimes brand-damaging conversations with patrons who do not understand the differences between various license types. Conversely, the customer knows that if they venture to a brewery in Maine or Massachusetts, they are virtually guaranteed to find the same visitation experience from place to place. These negative impressions do not just hurt us, as NH brewery owners, at the brewery; they also translate to the market, where that consumer frustration may carry over to a buying decision at their favorite restaurant or grocery store. The opportunity to meet or exceed customers' expectations – whether with samples, flights, pints, or food service – is paramount to the success of our businesses.

Beyond addressing confusion regarding on-site consumption, SB 125 modernizes laws regarding limits on beer sales to go, allows any brewery to enter into a contract brewing arrangement with another in-state brewery, and offers brewery owners the option to open a separate retail outpost. These changes make the state's craft breweries more competitive relative to out-of-state breweries and provide business-practice parity with the state's wineries.

In addition to managing the business operations of Stoneface, I serve on the Board of Directors as Treasurer for the **New Hampshire Brewers Association** (NHBA). The NHBA is also in **support of SB 125**. We have surmised that the state will realize incremental tax revenue of \$100,000 - \$150,000 if just 5-10% of Beverage Manufacturers choose to open an ancillary retail location with the ability to serve samples, pints, and food. This option creates growth opportunities for our small businesses and translates into new jobs across disperse geographic regions.

Thank you for the opportunity to share our experiences. I can be reached at 603-682-6810 or erol@stonefacebrewing.com for additional comment or to answer any questions you may have.

Thank you,

Erol Moe
Stoneface Brewing Co.
436 Shattuck Way
Newington, NH 03801



04/24/2021

Deciduous Brewing Company
12 Weaver St, Ste B
Newmarket, NH 03857

Support of SB 125

Members of Senate Commerce Committee:

My name is Frank Zagami, co-founder and lead brewer at Deciduous Brewing Company located in Newmarket, NH. My partner and wife, Maryann Zagami and I both **Support SB 125** but am asking that the amendment to afford Nano Breweries all these same rights, including an additional retail location be added.

Both Maryann and I would like to address a few items in the bill that would positively affect our small NH family run Nano Brewery.

We support the ability to open a second retail location without an actual brewery for all license types.

- This puts us in parity with our surrounding states.
- This allows more direct-to-consumer sales which increases NH state tax revenue. We are a small brewery who depends on direct-to-consumer sales.
- This allows more beer to stay within NH which also increases NH state tax revenue.
- This allows us to create more jobs within NH.

We support direct shipping to our NH customers.

- This puts us in parity with breweries outside of NH.
- We are a small brewery who depends on direct-to-consumer sales. We have seen a disruption to our NH business due to the influx of out of state breweries shipping to our NH customers. We would like to have the ability to ship directly to those NH customers and compete with out of state breweries.
- This allows more beer to stay within NH which also increases NH state tax revenue.


We would like to thank the Committee for giving us the opportunity to submit our written testimony. If you would like to contact us with any further questions, these can be emailed to frank@deciduousbrewing.com.

Thank you,

Frank Zagami

Frank Zagami
Managing Member
Deciduous Brewing Company

Archived: Tuesday, April 27, 2021 2:07:21 PM
From: [Erika Rosenfeld](#)
Sent: Tuesday, April 27, 2021 10:08:05 AM
To: ~House Commerce Committee
Subject: NH House Remote Testify: 11:00 am - SB125 in House Commerce and Consumer Affairs
Importance: Normal
Attachments:<div style="width:100%;table-layout:fixed;overflow:hidden;word-wrap:break-word;"> SB125 tesimony page 1.pdf ;</div>
</p><div class=MsoNormal align=center style='text-align:center'><hr size=2 width="100%" noshade color=black align=center tabIndex=-1><DIV align=left>
<meta http-equiv="Content-Type" content="text/html; charset=utf-8"><div dir="ltr">I have submitted a previous email with my content. Attached is the signed letter. Thank you again.<div><div class="gmail_chip gmail_drive_chip" style="width:396px;height:18px;max-height:18px;background-color:rgb(245,245,245);padding:5px;font-family:arial;font-weight:bold;font-size:13px;border:1px solid rgb(221,221,221);line-height:1"> SB 125 testimony page 2.pdf</div><br clear="all"><div><div dir="ltr" class="gmail_signature" data-smartmail="gmail_signature"><div dir="ltr">Cheers,<div>Erika Rosenfeld</div><div>
</div><div>Post & Beam Brewing</div><div>40 Grove Street</div><div>Peterborough, NH 03458</div></div></div></div></div></div></div>

Archived: Tuesday, April 27, 2021 2:07:21 PM
From: [Kirsten Neves](#)
Sent: Monday, April 26, 2021 4:40:48 PM
To: ~[House Commerce Committee](#); [Andrew Provencher](#)
Subject: Tuckerman Brewing Testimony In Support of SB 125
Importance: Normal
Attachments:
[scan0066.pdf](#) 

Thank you for taking the time to read my testimony.

Thanks again,
Kirsten Neves

Managing Member
Tuckerman Brewing Co, LLC

Vice President
New Hampshire Brewers Association

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Kirsten Neves
Managing Member
Tuckerman Brewing Co, LLC
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f [603-447-1553](tel:603-447-1553)
www.tuckermanbrewing.com
kirsten@tuckermanbrewing.com

Archived: Tuesday, April 27, 2021 2:07:21 PM

From: frank@deciduousbrewing.com

Sent: Saturday, April 24, 2021 8:31:37 AM

To: ~House Commerce Committee

Subject: NH House Remote Testify: 11:00 am - SB125 in House Commerce and Consumer Affairs

Importance: Normal

Attachments:

[SB 125 Written Testimony Template_April 2021.pdf](#) 

To whom it may concern,

I am providing written testimony for SB125.

Thank you for your time!

Cheers!

Frank and Maryann Zagami

Deciduous Brewing Company

12 Weaver St, Ste B

Newmarket, NH 03857

Sent from [Mail](#) for Windows 10



TUCKERMAN BREWING
CONWAY, NH

4/26/21

Tuckerman Brewing Co, LLC
66 Hobbs St
Conway, NH 03818

Support of SB 125

Members of House Commerce and Consumer Affairs Committee:

I'm writing in on behalf of Tuckerman Brewing Co, located in Conway, NH and we **Support SB 125**.

We opened Tuckerman Brewing in 1998, and in 23 years, we have witnessed significant change in the craft brewing industry in NH. When we opened, we rarely had any visitors to the brewery and when we did, people visited to take a tour of the facility and have a quick sample of beer, and if we were lucky, they would buy a 6 pack or a t shirt on the way out. Over the last two decades, we have watched as brewery tasting rooms have become increasingly popular with locals and tourists alike and tasting rooms have become an integral part of the communities that they're located in. Our customers are from all walks of life, locations, and age groups, and our tasting room serves as a community meeting place for everyone.

SB 125 would have the following benefits for our business. . .

- It would eliminate the restrictions on the quantity of beer sold to customers for off premise consumption. This limit is very confusing to customers visiting from other states.
- It would allow us to have a satellite location, either in a more heavily trafficked area in our town or in another area of the State that may not have the seasonal fluctuations we experience in the North Country. This would allow us to introduce more varieties of our products that can't be sold in stores, due to the competition for shelf space that exists in retail and chain stores, or because the beers have special care instructions for refrigeration and handling, that only a brewer could (or would want to) explain to a customer. In our tasting room presently, we have 13 beers on draft, and only 6 of those are distributed throughout the state because of those reasons listed above.



TUCKERMAN BREWING
CONWAY, NH

And on behalf of my role as Vice President of the NHBA, our members would benefit from the following . . .

SB125 would allow contract brewing to be performed by a beverage manufacturer for any brewery license type. Currently, a beverage manufacturer can only contract brew for another beverage manufacturer.

SB125 would allow NH Breweries to direct ship to customers in NH. Currently, only out of state breweries are allowed to direct ship to NH, which is a great disadvantage to our state craft breweries.

Allowing NH craft breweries of any size to have satellite locations brings parity with NH wineries, who are allowed to have satellite locations regardless of size.

The benefits of SB125 are steps towards allowing NH breweries to compete with breweries in neighboring New England States. Other states around us have much less restrictions and regulations on breweries and they are able to offer customers a more comfortable tasting room experience. If NH breweries want to keep up with the pace of the ever-evolving brewing industry, we need to be able to work without the burdens of over regulation.

Thank you very much for taking the time to read my testimony. Please let me know if you have any questions.

Thanks again,

Kirsten Neves
Managing Member
Tuckerman Brewing Co, LLC

Vice President
NH Brewers Association

Fiscal Notes

**SB 125-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to beverage manufacturer licenses.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	\$0	\$0
Funding Source:	<input type="checkbox"/> General Fund	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - Liquor

METHODOLOGY:

This bill makes changes to the requirements for serving samples for beverage manufacturers and nano breweries. The bill also allows wholesale distributors to sell specialty cider.

The Liquor Commission indicates the proposed change to the beverage manufacturers license in RSA 178:12 would make changes to all three of the license types where the licensee is authorized to manufacture beverages and beer. Currently beverage manufacturers are authorized to create hospitality rooms where visitors to the facility are able to sample the manufacturer’s products. This bill would change the character of a hospitality room from a place where they may sample products to a place where the visitor could consume 2, 16 oz. glasses of beverages rather than being limited to 4 oz. samples. Under the current law a beverage licensee may apply for a separate retail license for their premise where customers and visitors may enjoy the manufacturer’s products with food prepared and sold by the manufacturer. The bill would allow visitors to consume an unlimited quantity of beverages as long as “food is provided.” The bill would allow a third party to prepare and bring food to the manufacturer’s facility as substitute for the licensee’s preparation and service of food. The Commission states the effect of this change would be to no longer offer the manufacturer a second retail license as authorized in current statute. The Commission anticipates beverage manufacturer’s holding a second retail license would now give up the second license which would result in a decrease in licensing revenue. As an example, the Commission reports manufacturers, such as Anheuser Busch sampling in their hospitality room, would no longer be able to sample products brewed from their other breweries. This would affect beer tax revenue if manufacturers could only sample beers

Bill as
Introduced

SB 125-FN - AS INTRODUCED

2021 SESSION

21-0900
08/10

SENATE BILL ***125-FN***

AN ACT relative to beverage manufacturer licenses.

SPONSORS: Sen. Gannon, Dist 23; Sen. Perkins Kwoka, Dist 21; Sen. Carson, Dist 14; Sen. Rosenwald, Dist 13; Sen. Bradley, Dist 3; Rep. Welch, Rock. 13; Rep. Weyler, Rock. 13

COMMITTEE: Commerce

ANALYSIS

This bill makes changes to the requirements for serving samples for beverage manufacturers and nano breweries.

This bill also allows wholesale distributors to sell specialty cider.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to beverage manufacturer licenses.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Beverage Manufacturers License. Amend RSA 178:12, II-a-IV to read as follows:

2 II-a. The holder of a beverage manufacturer license may sell beverage samples to visitors of
3 legal drinking age for consumption on the premises where the beverages were manufactured. A
4 beverage manufacturer may either provide samples for free or for a fee which shall be limited to one
5 4-ounce glass per label or ~~[one]~~ **2** 16-ounce ~~[glass]~~ **glasses** per person, ***unless food is provided,***
6 ***which may be consumed***~~[-At such times as food is available, a beverage manufacturer may serve~~
7 ~~no more than 2 16-ounce glasses per person]~~ in any areas approved by the commission. For the
8 purpose of this section, food and non-alcoholic beverages may be provided by a properly-licensed
9 ~~[third party]~~ food vendor, prepared on or off the premises.

10 III. The holder of a beverage manufacturer license may operate a hospitality room on the
11 premises ~~[in which the licensee may make available to employees and visitors of legal drinking age~~
12 ~~for on-premises consumption free of charge samples of beverages manufactured or distributed in the~~
13 ~~United States by the beverage manufacturer]~~. The hospitality room shall require commission
14 approval in respect to its location, service facilities, and seating arrangements.

15 IV.(a) The holder of a beverage manufacturer license may sell beverages manufactured on
16 its premises or manufactured by the licensee at a host brewer facility to:

17 (1) The licensee's employees who are of legal drinking age at such discounts as are
18 customary in the business;

19 (2) The general public for ***on-premises or*** off-premises consumption ~~[in quantities~~
20 ~~not to exceed a single 15.5 gallon keg or the equivalent of one case of 12-ounce containers per person~~
21 ~~per day]; or~~

22 (b) A holder of a beverage manufacturer license who manufactures 15,000 barrels or less
23 during its licensing period may elect to distribute its beverages directly to retail licensees and/or to
24 distribute its beverages pursuant to RSA 180, provided that total in-state direct retail sales do not
25 exceed 5,000 barrels.

26 2 Nano Brewery License. Amend RSA 178:12-a, II to read as follows:

27 II. The annual fee for each license issued under this section shall be \$240. Except for
28 licensees under paragraph VII, licensees shall comply with the following:

29 (a) No beverage or liquor shall be served or consumed on the premises except that which
30 is manufactured by the licensee on the premises or manufactured by the licensee at a host brewer
31 facility.

1 (b) The licensee may serve beverages to any visitor of legal drinking age by the glass or
2 other suitable container.

3 (c) For the purpose of this section, food and non-alcoholic beverages may be provided by
4 a properly licensed ~~[third party]~~ food vendor, prepared on or off the premises.

5 (d) The licensee shall not allow any beverage or liquor to be served or sold to any person
6 under the age of 21 on the premises.

7 ~~[(c) Sales for consumption on the premises shall be limited to one 4 ounce glass per label
8 per person.]~~

9 3 Nano Brewery License. Amend RSA 178:12-a, VIII(c) to read as follows:

10 (c) Sample sizes shall be limited to **2** 16-ounce ~~[glass]~~ **glasses** per person if no food is
11 available~~[-and 2 16 ounce glasses if food is available].~~

12 4 Brew Pub License. Amend RSA 178:13, I to read as follows:

13 I. A brew pub license shall authorize the licensee to manufacture beer or cider in quantities
14 not to exceed 2,500 barrels annually ~~[primarily for consumption on the licensed premises].~~

15 5 Wholesale Distributor Licenses. Amend RSA 178:16, I to read as follows:

16 I. Wholesale distributor licenses shall authorize the licensees to sell beverages in barrels,
17 bottles, or other closed containers and specialty beverages in single serve containers to licensees for
18 resale or to the general public. A wholesale distributor shall provide to an on-premises or off-
19 premises licensee any obtainable beverage, specialty beverage, beer, specialty beer, **specialty cider**,
20 or cider. Requested products shall be priced subject to special order terms as agreed by all parties.
21 The holder of a wholesale distributor license shall maintain a regular place of business in this state.

22 6 Effective Date. This act shall take effect July 1, 2021.

they brew on site. The Commission estimates the decrease would be approximately \$350.00 per month for this manufacturer. In addition, the Commission states the bill also removes limitations agreed to by the beverage manufacturers to limit the quantity of beverages available to the visiting public and where these beverages may be consumed by allowing the unlimited retail purchase of beer from the manufacturer and allow the purchaser to consume the beverages on the licensee's premises. The Commission states this would blur the licensee's responsibility under State law and it appears that a manufacturer may have no legal jeopardy under RSA 179:5. The change would allow the manufacturer to obtain an on-premise license without purchasing it or complying with the existing requirements for on premise applicants. The Commission indicates 13 of the 41 beverage manufactures hold a restaurants license. The licenses held by these manufacturers include:

- 8 Restaurant Beer & Wine Licenses @ \$480;
- 5 Restaurant Beer, Wine & Liquor Licenses @ \$840 and;
- 1 Restaurant with a cocktail lounge @ \$1200.

If these manufacturers surrendered these licenses as a result of this legislation the decrease in license revenue collected by the Commission would be \$9,240.

Regarding the proposed changes to RSA 178:12 concerning the Nano Brewery License, the Commission indicates under current law, a nano brewer is able to acquire an additional on premise license for a fee of \$240. The additional license permits the brewer to serve customers full glasses of beverages they produce as long as the licensee had food available. (A nano brewer holding an additional restaurant license is often referred to as a "Nano Plus" licensee.) There is nothing in current law that forbids a nano brewer from allowing a 3rd party to provide food, but the licensee is still required to have their own food available. The proposed change would no longer require a Nano Brewery holding a restaurant license (Nano Plus) to have responsibility or capacity to prepare and serve food. If this portion of the bill were to become law nano brewers would have no reason to purchase a license under RSA 178:20 as they would not be required to be able to sell food prepared on their premise but allow a 3rd party to provide the food made available to customers. The Commission assumes, if this section of the bill were to pass nano brewers would no longer purchase the additional license if they desired to serve more than samples. The result would be a decrease in licensing revenue and the Nano Brewery would essentially become a bar. Under current law Nano Brewers may transport their products to the site of a wine manufacturer, sample products in 4 oz. sizes, and sell the wine manufacturer's customers New Hampshire brewed products in their original sealed containers. This bill would eliminate the 4 ounce limitation and allow tasters to consume 2, 16 oz. beers without any requirement of the availability of food. The Commission reports there are 36 Nano Breweries in the state and 24 of them hold a restaurants license. If, as a result of this change, these

businesses surrendered their Nano Brewery License there would be a decrease in revenue of \$5,760. (24 x \$240= \$5,760).

Regarding the changes to the Brew Pub License in section 4 of the bill, the Commission indicates, unlike the Beverage Manufacturer and Nano Brewery where the primary focus of the business is the production of beverages, the Brew Pub license was established to allow a restaurant to brew beer primarily for the consumption and enjoyment of their restaurant customers. The Commission indicates this proposed change would have no fiscal impact.

AGENCIES CONTACTED:

Liquor Commission