

Brewers of Pennsylvania

Presented by Damien Malfara, Old Forge Brewing Company (Danville, PA)

Testimony before the House Liquor Control Committee

August 21, 2012

Good morning Chairman Taylor and members of the House Liquor Control Committee. Thank you for the opportunity to appear before you today. My name is Damien Malfara and I am the Owner and Brewmaster for Old Forge Brewing Company located in Danville, Pennsylvania. I have a BS in Chemistry from Temple University and began my career as a research chemist. Eventually tiring of the lab, I moved into a sales position for several years before finding my true passion - making beer. Today I am here on behalf of the Brewers of Pennsylvania, of which I sit on the Executive Board.

Old Forge Brewing Company was founded by me and Maria Malfara in December 2008. It is a fun, casual, comfortable brewpub, specializing in healthy pub fare and fresh brewed beer. At Old Forge Brewing Company, we strive to honor personal craftsmanship. Our hand-crafted beer is made in small batches to ensure quality and peak freshness, while the healthy and delicious menu has ingredients sourced from local farms and markets wherever possible. Our bar, furniture, and fixtures were all handcrafted by local wood and metal worker Keith Kocher ([Lightstreet Custom Woodworking](#)). Our unique tap handles were carved and forged by local artist/sculptor J. Mark Irwin ([Irwin Sculpture Studio](#)), Frank Dombroski, Keith Kocher, and many others. Our plates, bowls, and beer mugs, were all hand-made by local potters Mike Hart ([M. Hart Pottery](#)), Dave & Deb Stabley, Abigail Kurecian, and Scot Patterson.

Local demand prompted us to open a new production brewery in a nearby KOZ warehouse/industrial building (the former TRW plant) in January 2012. The new brewery operation has

capacity of about 2000 barrels per year, a full canning line, and employs 3 full time employees and 2 part time employees. The brewpub operation has capacity of about 750 barrels per year and employs 4 full time employees and 25 to 30 part time employees.

The Brewers of Pennsylvania is a trade association representing brewing operations around the Commonwealth. We have members in virtually every part of the state from Lavery Brewing Company in Erie to Dock Street Brewery in Philadelphia, from Breaker Brewing Company in Plains to Beaver Brewing Company in Beaver and many in between. Our member breweries are independent businesses that range in size from the mid-size brewer D.G. Yuengling and Sons to smaller breweries like Elk Creek Café & Aleworks. While the size and geography of the breweries may vary they are all committed to brewing quality products, investing in our communities, and providing quality jobs for people right here in Pennsylvania. I would like to take a moment to note that as we speak, the Legislative Budget and Finance Committee is compiling an economic impact study on the brewing industry in Pennsylvania as directed in Senate Resolution 216 which was adopted on January 25 of this year, the results of which are due back no later than January 25 of 2013. It is our belief that this study will quantify exactly what our industry means to Pennsylvania and its communities each year.

Our industry faces many of the same challenges as many other small businesses throughout the Commonwealth including business taxes, property taxes, workforce development and the like. Despite the tough economic conditions, many of our members have been taking risks and investing in new equipment and facilities to grow their businesses, hire new employees and provide new choices for consumers in the beer market. Programs like the now sunset Capital Expenditure Tax Credit are of great value to our brewers and encourage growth and investment in our Commonwealth. Reauthorizing this program would do much to help our industry.

Our trade also faces many challenges that are unique to our industry as well. While the microbrew or craft industry is growing and expected to grow, it is not without considerable effort on behalf of those who are in the business. Here in the United States, two companies alone produce 75% of the beer consumed annually. Small and upstart breweries must compete with these companies and other craft breweries for space on shelves and, hopefully, their share of sales in the marketplace. Some are able to carve a niche for themselves, grow larger and even expand into markets outside of Pennsylvania such as Pennsylvania success stories like Victory Brewing Company, Troegs Brewing Company, Pittsburgh Brewing Company and others. Many have grown in to regional favorites and others have stalled out.

Very few industries are regulated like ours, by our competitor. Here in Pennsylvania, the PA Liquor Control Board serves as both a regulator to the alcohol beverage industry and as a competitor via sales from state stores. This inherent conflict has seemingly caused the PLCB to focus their attention on the wine and spirits industries while not keeping up with the modern day beer industry. Until House Bill 148 was enacted by the Legislature and the Governor, the PLCB did not even have a single point person in place via a Malt Beverage Compliance Officer to review the brand registrations of malt or brewed beverages.

Recently at Old Forge Brewing Company, we expanded our operations to include a brewpub (GP) license that was not attached to our brewery. This was not contemplated before by the PLCB and it required some legwork to eventually turn them around to permit my brewery to supply the brewpub with beer for sale at that location. While this is only one example, it hopefully illustrates that it is perhaps time to take a look at the Liquor Code, first enacted in 1933, and the regulations promulgated by the PLCB and provide serious thought as to the current practices and trends of the beer industry.

While there are challenges to our industry, there is also great opportunity. With the number and quality of Pennsylvania brewers, our Commonwealth is positioned to become a tourist destination for beer geeks from far and wide. A coordinated effort, perhaps in partnership with Pennsylvania, could drive many folks to visit many of the breweries here, eat in our restaurants and stay in our hotels a benefit for all businesses and the Commonwealth.

I would like to again thank the committee for the opportunity to appear before you today. The Brewers of Pennsylvania are most appreciative of the professional and personal relationships we have with the committee and members of the General Assembly. We look forward to continuing to work with you in improving Pennsylvania's liquor laws and stand ready now and in the future to answer any questions you may have.