

House Liquor Control Committee

April 4, 2018

The Testimony of Robert Cassell, Co-Founder / Master Distiller of New Liberty Distillery,

& President of the Pennsylvania Distillers Guild.

Act 39

Good morning Chairman Harris, Chairman Costa and distinguished members of the House Liquor Control Committee.

I am grateful for the time and opportunity you have granted me to discuss the effects of Act 39 and other issues that pertain to Pennsylvania Craft Distilleries. The exact scheduling of today I find to be serendipitous as it was seven years ago on this very date (April 4th, 2011) that I testified before the House Liquor Committee on HB 242. This was the piece of legislation that later became the Limited Distillery license. At that time Pennsylvania had the highest licensing fee for a micro distillery in the United States, with no distillery having the ability to sell product to tourists visiting their facility. Today, the Commonwealth of Pennsylvania is touted as having some of the best legislation as it pertains to the industry. When I previously sat before you, I promised that allowing this barrier to entry to become modernized and competitive within the nations landscape, that we would create jobs. I am proud to say that we have gone from three to eighty-two distilleries. The Commonwealth is ranked 6th nationally in number of distilleries within the state, and 5th nationally in growth with 34.7% growth from the previous year. The trend of craft distilling has also triggered a growth in Full Time Employee jobs by 50% from 2014 to 2017. Approximately 66% of these jobs are created from the production facility and tasting room staff. Statistically a craft distillery in Pennsylvania gets 34% of their total sales from direct to consumer activity through their tasting rooms, etc. In terms of quality, Pennsylvania was the state that garnered the most medals from American Craft Spirits Association annual competition, for the second year in a row. Pennsylvania distillers received 44 medals for their products that came from 11 different distilleries. Pennsylvania's proud heritage of distilling and its symbiotic ties to the rich agriculture is having an unprecedented resurgence, and able to do so on the back of the modernization this committee put forth 7 years ago.

Today I am here to talk about the modernization as a result of Governor Wolf's signing of Act 39 on June 8th, 2016 (House Bill 1690). The bill changed more than 35 sections of the Liquor Code and added a number of new sections. Within this legislation, there were a number of positive things for Limited Distilleries. Like the wineries, we are also now allowed to apply for permits to participate in Farmers Markets and other Expositions. Act 39 allowed Pennsylvania Alcohol Producers to cross promote and sell each other's products in our respective licensed facilities.

While the state has continued to make great strides, there are a few areas we would like to see addressed in future legislation or policy. As Limited Distilleries we would like to see a parody with the Wine & Beer Marketing & Promotions Boards that were created. Speaking for myself, as a Pennsylvania distiller & small business owner using the PLCB system, I have gained intimate knowledge of its functions. Small investments of administrative personnel in both the Department of Licensing as well as Category Management will improve the working relationship with the Board that a craft distiller as well as any supplier faces. While the modernization has been fantastic and created a positive economic impact with the state, there has not been the minor investment into supporting the already over stretched personnel in these departments so that the intents can fully be realized, monetized, and regulated. Continually I have found the members of the House Liquor Control Committee to be open to discussions on modernization of our code that make sense in today's world. As legislators, I applaud the work you have done and look forward to continuing our working relationship to address the next steps. I thank the committee for its time and consideration today and am happy to take any questions.