

THE
DRINK LOCAL
ECONOMIC RECOVERY PACKAGE



The Honorable Zack Stephenson, Chair
Minnesota House Commerce Committee
Room 509, State Office Building
St. Paul, MN 55155-1232

Re: Bauhaus Brew Labs testimony on HF 1192 (Olson)

Dear Chair Stephenson and Members of the Committee:

My name is Matt Schwandt, and I am the President & Co-Founder of Bauhaus Brew Labs, an independently owned craft brewery and taproom in NE Minneapolis. I am writing to voice Bauhaus' strong support of the Drink Local Bill (HF1192).

Over the past decade, Minnesota's craft brewing industry has flourished, in large part due to the passage of the so-called "Surly Bill" that allowed Minnesota's craft breweries to sell pints of their own beer in their on-premise taprooms. The effects of the Surly Bill provide a perfect example of how modernizing an aspect of Minnesota's liquor laws has led to meaningful increases in the state's revenue collections, job creation, tourism, and more.

Unfortunately, Minnesota still has much work to do in modernizing its alcohol laws. In fact, Minnesota is the only state in the nation that does not allow craft breweries to sell 4- or 6-packs of 16oz or 12oz cans, respectively, of their own beer for off-premise consumption. As the Minnesota Craft Brewers Guild – along with a growing coalition of businesses across all three tiers of the three-tier system – has pushed for a legislative change to lift this unfair restriction, it has become clear that the interests opposed to the change are engaging in cynical, protectionist politics that ultimately only hurt small brewery owners, their staff, and their consumers.

I respectfully request that you consider the just a few of the many benefits that the Drink Local Bill would provide to Minnesota's craft breweries. First, the bill would allow all businesses in the three-tier system to be on a more level playing field. By allowing craft breweries to sell 4- and 6-packs of their own beer out of their own taprooms, Minnesota would cease to be the one outlier in the nation on this issue, thereby achieving competitive parity between Minnesota's craft breweries and those located in other states.

Second, allowing Minnesota's craft breweries to sell 4- and 6-packs would allow these businesses to sell beer that would not otherwise be sold through the three-tier system. During the pandemic, Bauhaus produced volumes of packaged beer that its sole Minnesota beer distributor elected not to purchase. With no legal pathway to market, Bauhaus was forced to destroy these volumes of unsold, packaged beer. This is an absurd result, and it highlights the unfairness of the restriction on taproom sales of 4- and 6-packs.

Third, allowing Minnesota's craft breweries to sell 4- and 6-packs out of their taprooms would result in improved product quality by replacing 64oz growler and 750ml crowler sales. Growlers and crows have long been the standard package for taproom off-premise sales in Minnesota. But these packages have always resulted in inferior product quality due to their inherent propensity to cause premature staling in beer. In addition, filling these packages is a laborious and more costly process than filling 4- or 6-packs. Allowing craft breweries to sell 4- and 6-packs out of their taprooms would therefore result in improved beer quality to consumers as well as a meaningful reduction in labor costs.

I thank you for your consideration, and I hope you'll join the Minnesota Craft Brewers Guild and its growing coalition of proponents across the three-tier system in supporting the Drink Local Bill.

Sincerely,

Matt Schwandt
President & Co-Founder
Bauhaus Brew Labs
Minneapolis | 22 Employees