



2017 Annual Report





A Spirited Journey

We're very pleased to present the American Craft Spirits Association's Annual Report. Our fifth full year as an organization has been quite a momentous one. The number of craft distilleries in the U.S. cracked the 1,500 mark, as reported in our Craft Spirits Data Project. You can find all of the key findings of the Data Project in this report. We also completed a comprehensive study of all of the major beverage-alcohol-related laws and regulations in each of the 50 states, as well as the District Columbia. We're pleased to include the highlights of that research endeavor in the pages of this document, as well.

Last summer, we hosted our Legislative Fly-in, which was instrumental in helping us achieve the year's, and the industry's biggest milestone: the passage of the Craft Beverage Modernization and Tax Reform Act at the very end of 2017. We encourage you to read about all of these developments in greater detail in this Annual Report and we invite your invaluable feedback.

Mission:

To elevate and advocate for the community of craft spirits producers.

Vision:

The greatest spirits are universally recognized as coming from our member producers, and they are enjoyed responsibly everywhere in the world.

Who We Are:

The American Craft Spirits Association is a registered non-profit trade group representing the U.S. craft spirits industry. Members vote for the fifteen democratically elected representatives who make up the Board of Directors, and this Board collectively works to govern the ACSA in a transparent, responsive manner and in accordance with our bylaws.

Member Owned:

Membership in ACSA is open to anyone, although voting members must be independent licensed distillers with a valid DSP, subscribe to ACSA's Code of Ethics, have more than a 75% equity stake and/or operational control of the DSP, and have annual volume under 750,000 proof gallons removed from bond (the amount on which excise taxes are paid). In case terms, 750,000 proof gallons is 315,451 9-liter cases (12 750 ml bottles) of 100 proof spirit.

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The Year In Review

FET Relief is Here (at Least for Now)

It may seem counterintuitive to begin a retrospective of 2017 with an event that occurred at the tail end of the year, but it's arguably the year's most game-changing moment. On December 19th, Congress passed the Craft Beverage Modernization and Tax Reform Act (CMBTRA) as part of the larger Tax Cuts and Jobs Act. The significance of the tax vote cannot be overstated, for it is the first time in modern history that the federal government has acted to lower the Federal Excise Tax (FET) on the nation's small craft distillers. The legislation, which President Trump signed shortly after being passed by both the House and Senate, lowers the FET from \$13.50 to \$2.70 per gallon on the first 100,000 proof gallons removed from bond per year through the end of 2019.

The legislative action has helped level the playing field for spirits within the broader craft beverage space, putting distillers on par with breweries and wineries. Prior to the law's enactment, a craft spirits producer had paid 5.4 times more FET than a craft brewer and 16.4 times more FET than a small winery, for equal quantities of beverage alcohol.

The effort to make FET reduction a reality was a hard-fought battle with many twists and turns. With the help of other industry trade groups, ACSA was able to rally the support of more than 300 House members and more than fifty Senators. But when it came time for the House to consider the broader tax bill, CBMTRA was not a part of it. However, at nearly the eleventh hour, the Senate Finance Committee agreed to include it in their chamber's version of the bill.

While it certainly is a time to celebrate, our work is only just beginning. ACSA's priority now is to ensure that Congress votes to make the tax relief permanent.



Legislative Fly-In

FET reduction would not have become a reality without the efforts of nearly fifty distillers and allied industry suppliers from twenty-three states, and the District of Columbia, who climbed Capitol Hill on Tuesday, July 25, 2017, to share the American craft spirits story with staffers in more than twenty Senatorial offices.

On the day of ACSA's Legislative Fly-In, the Craft Beverage Modernization and Tax Reform Act was still six votes short of attaining majority support in the Senate. But our industry's efforts paid dividends, as the Fly-In most certainly played a role in moving the needle in favor of Federal Excise Tax reduction.

ACSA President Mark Shilling's words at the start of the day proved prescient: "It's the things like what we're doing today that are going to get us across the finish line."

During a breakfast session, ACSA presented the inaugural Craft Spirits Champion Award to Senator Ron Wyden (D-OR)—who introduced the Senate version of the bill along with Senator Roy Blunt (R-MO).

Senator Wyden touted the bi-partisan nature of the effort to reduce the excise tax on small producers—at a time when bipartisanship is very much in short supply in Washington. "Bi-partisanship is building coalitions...[it's] about taking good ideas that you have and good ideas that other people have that you can live with," Wyden noted.

And those weren't just words; as, later that day, ACSA presented the Champion Award to a House member from the opposite side of the aisle, Rep. Erik Paulsen (R-MN). Paulsen co-sponsored the House version of the bill with Rep. Ron Kind (D-WI).

"[FET reduction] is ultimately about helping small business and entrepreneurship and [creating] a lot more jobs," Paulsen said.

Another major highlight of the day's activities was ACSA's fundraising luncheon in honor of Rep. Kevin Brady (R-TX), chairman of the House Ways and Means Committee. The luncheon, held in the Bolton Room of the Capitol Hill Club, put distillers in direct contact with the Congressman whose committee is critical to ensuring that H.R. 747 progresses through the chamber.

Although the day was largely about wooing legislators, attendees were also able to have some face time with folks from the regulatory side of the government. Most of what Theresa McCarthy, Assistant Administrator for the Alcohol Tobacco Tax and Trade Bureau (TTB), told participants that day was music to distillers' ears:

"The growth, particularly in the craft sectors, has been booming for the past decade, particularly in the past five years, causing steady, if not steep workload increases for us. The thing that I want to convey today, if there's only one message that you take away, it's that we want to see you succeeding in business."

The nearly fifty Fly-In participants represented the following states:

- COLORADO
- CONNECTICUT
- DELAWARE
- DISTRICT OF COLUMBIA
- GEORGIA
- ILLINOIS
- KENTUCKY
- MAINE
- MARYLAND
- MICHIGAN
- MINNESOTA
- MONTANA
- NEVADA
- NEW JERSEY
- NEW MEXICO
- NEW YORK
- OREGON
- SOUTH CAROLINA
- TENNESSEE
- TEXAS
- VERMONT
- VIRGINIA
- WASHINGTON
- WYOMING

2017 Convention

More than 1,000 members of the craft spirits community converged on Nashville, Tennessee February 16-17, 2017 for ACSA's fourth annual Distillers Convention and Vendor Trade Show.

Ted Townsend, COO of the Tennessee Department of Economic and Community Development officially opened the convention offering a warm welcome to ACSA, and acknowledging the economic contribution distilleries offer. ACSA's keynote speaker was a pioneer from the beer side of the craft beverage industry, Ken Grossman, founder of Sierra Nevada Brewing Co.—now the third-largest craft brewery in the country, behind only Boston Beer and Yuengling. Grossman shared his nearly 40-year journey with Sierra Nevada and encouraged distillers to work hard and to follow their dreams.

Attendees then packed the exhibitor halls, visiting more than 125 vendors that were showcasing their latest products or services.

The education component of the convention included nearly sixty industry experts who presented a total of twenty-nine packed sessions, divided among three tracks: Marketing/Finance, Technical/Distilling and Safety, Compliance and Growth.

The awards dinner, sponsored by Republic National Distributing Company, was the hallmark event of the convention, attracting more than 500 guests.

More than 130 distilleries took home medals for their world-class products—including Best of Show winner Long Road Distillers Aquavit (which also won Best of Class in the Specialty Spirits category). Other Best of Class winners included Sonoma County Distilling Co.'s Sonoma Straight Rye Whiskey Cask Strength (Whiskey), Tattersall Distilling Barreled Gin (Gin), Artisan Grain Distillery's Gold Rum (Rum), Du Nord Craft Spirits's Letoile Du Nord (Vodka & Grain Spirits) and Huber's Starlight Distillery's Apple Brandy (Brandy).

In addition to the product category awards, we also presented the inaugural ACSA Achievement Award to Harry Kohlmann, Ph.D., of Park Street Imports in Miami, Florida. The Board of Directors selected Kohlmann for displaying an untiring effort and unwavering dedication to helping promote the craft spirits industry—particularly Kohlmann's donation of more than 1,000 pro-bono hours to the Craft Spirits Data Project.

Before the convention's official start, Corsair Distillery hosted the two-day WSET Master Series Class, culminating with the certification exam on February 15. Later that evening, we teamed up with the Tennessee Distillers Guild to host the Tennessee Toast, offering consumers the chance to taste more than 100 spirits from craft distillers across the country at Nashville's The Bell Tower. Renowned spirits author Fred Minnick emceed a silent auction, with fifty percent of the proceeds going to support those affected by last year's East Tennessee wildfires.

More than 130 distilleries took home medals for their world-class products.



Awards Judging

It was a banner year for ACSA spirits competitions, as the association organized the judging of three awards programs. Before we presented the awards at last year's convention in Nashville, an expert panel of thirty-one judges gathered in January 2017 at Starlight Distillery in Borden, Indiana to select the winners.

For the 2018 awards, we moved the judging operation to Washington, D.C. This time more than 40 judges from across the industry convened at District Distilling Co. last November to sample more than 500 spirits and choose this year's winners, announced in Pittsburgh in March 2018.

Earlier in 2017, ACSA teamed up with the Corn Marketing Board to manage the judging effort for the whiskey competition at the Heartland Spirits Festival. The Corn Marketing Board developed the festival to recognize producers, particularly in the Heartland states, which distill whiskey using grain from our nation's corn farmers. The event is a celebration of the American grain-to-grass spirit.

More than 75 whiskeys from ten states (in the Heartland, of course), competed for Best of Show, Best of State and a range of whiskey sub-categories. The judging competition, which was sponsored by ten state corn marketing associations, took place on May 18 and winners accepted their awards two days later at the festival. More than thirty craft distilleries poured their spirits for consumers at the May 20 festival, held at Chicago's CH Distillery.

The big winner of the event was Geneva, Illinois-based Fox River Distilling Co. which won Best of Show for its Bennett Mill Single Barrel Straight Bourbon (it also took home the top prize in the Straight Whiskey category).

Other category winners included Barrel House Distilling Co. for its Rockcastle Kentucky Straight Bourbon (Bourbon category) and Mammoth Distilling's Mammoth Whiskey (Corn Whiskey category); Great Northern Distilling scored the highest in two categories for its Great Northern Rye Whiskey (Rye) and its Wisconsin Whiskey (Four Grain). In all, more than sixty awards were handed out that night.

Regional Meet & Greets

On August 3, 2017, we kicked off the first of our series of Regional Meet & Greets with the craft distilling community, with Bar Agricole in San Francisco hosting the inaugural event. ACSA Pacific Region Board Member Dan Farber of Osocalis Distillery (Soquel, California) and Executive Director Margie Lehrman spoke to both members and prospective members on the issues that are most critical to their business. Not surprisingly, securing a lower FET was at the top of most distillers' agendas.

A week later Pacific Board Member John Jeffery from Bently Heritage (Minden, Nevada), Central/Mountain Board Members Courtney McKee from Headframe Spirits (Butte, Montana) and P.T. Wood of Wood's High Mountain Distillery (Salida, Colorado) joined Dan, Margie and ACSA Education Coordinator Kirstin Webster for a second Meet & Greet at Golden Moon Distillery in Golden, Colorado. Golden Moon founder and owner Stephen Gould generously hosted the group at his facility, where attendees further addressed concerns about the FET, among other issues.

We've hit the ground running in 2018, with our first Regional Meet & Greet of the year on the books. On January 17, Dan Garrison of Garrison Brothers (Hye, Texas) and ACSA President Mark Shilling led a group of nearly thirty distillers in a discussion at Tolbert's Chili Parlor (known for its bourbon selection) in Grape Vine, Texas. It was the first such event since the passage of the Craft Beverage Modernization Act, and ACSA's efforts to ensure the permanence of the law dominated the conversation. Look for many more Regional Meet & Greets, coming to your area throughout 2018.

A Retreat Both Strategic and Historical

Last November, ACSA Board members journeyed to the past to strategize about the future. The group took a field-trip to George Washington's Mount Vernon Distillery to experience the 18th-century whiskey-making process at the Founding Father's fully restored production facility, all while thoroughly reviewing ACSA's mission, vision, goals and values to better serve our membership.

CRAFT SPIRITS

★ ★ ★ DATA PROJECT ★ ★ ★

park  street



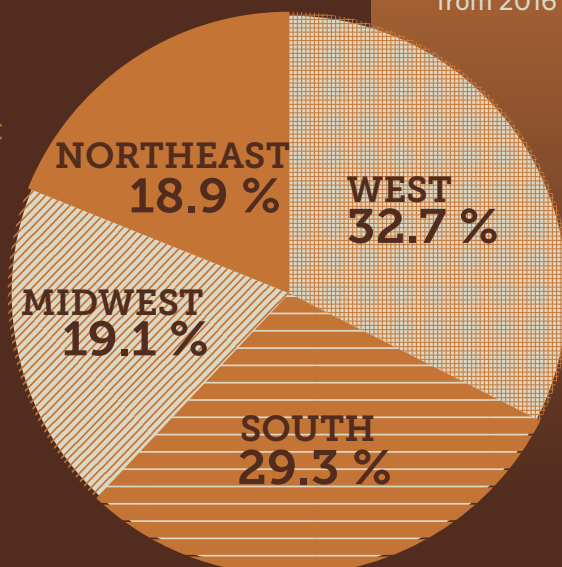
IWSR

In 2017 ACSA once again partnered with Park Street Imports and the IWSR to conduct the second annual Craft Spirits Data Project; the Data Project is the most comprehensive effort to provide hard economic figures and trend analyses across the entire U.S. craft spirits industry. We're grateful for the assistance of key organizations and agencies which enabled us to quantify the number, size and influence of craft spirits producers in the U.S.: U.S. Alcohol Tobacco and Trade Bureau (TTB), the National Alcohol Beverage Control Association (NABCA), American Beverage Licensees (ABL) and the Wine & Spirits Wholesalers of America (WSWA). ACSA, Park Street and the IWSR presented the 2017 findings at the Second Annual Craft Spirits Economic Briefing at Kings County Distillery in Brooklyn, New York. The report defines a craft spirits producer as one that has not removed from bond more than 750,000 proof gallons, markets itself as craft, is not openly controlled by a large supplier and has no proven violation of the ACSA Code of Ethics.

ACTIVE DISTILLERS BY REGION

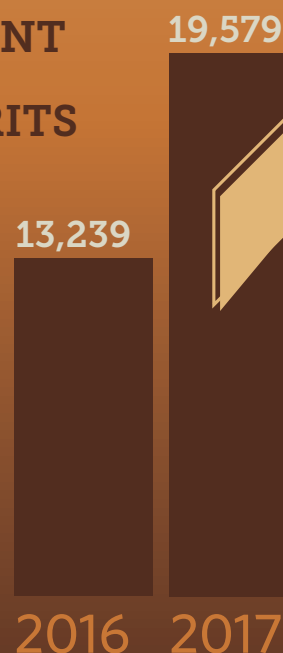
Not surprisingly, the West boasts the largest number of distilleries, but the South, with classic spirits states like Texas, North Carolina and Kentucky, is a very close second.

Share of total nationwide number



EMPLOYMENT IN THE CRAFT SPIRITS INDUSTRY

Full-time craft spirits employment grew by nearly fifty percent from 2016 to 2017



NUMBER OF ACTIVE CRAFT DISTILLERS

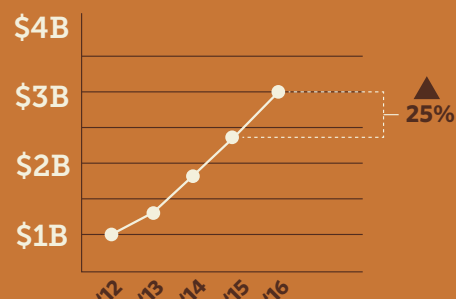


CRAFT SPIRIT VOLUME TREND

1 bottle = 1,000,000 9L cases

Volume surged 18.5% in the last full year measured. When we include exports in total craft spirits business, total volume equals about 6.4 million cases

CRAFT SPIRITS RETAIL SALES



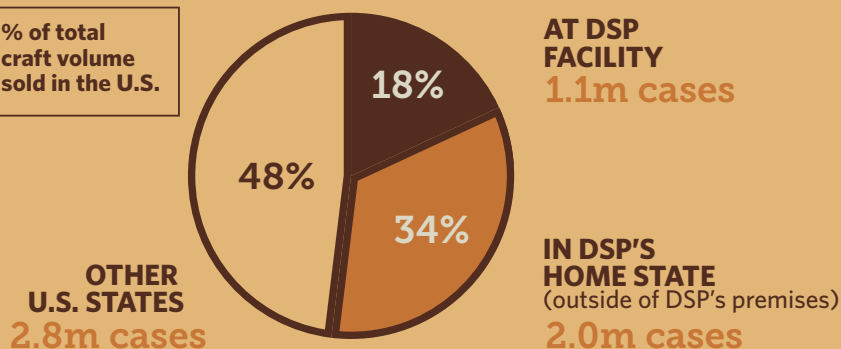
CRAFT SHARE OF TOTAL U.S. SPIRIT MARKET

The jump of nearly one full share point in revenue reflects the premiumization trend. Craft spirits sell at a higher price point than large brands.

	REVENUE	VOLUME
2015	3.0%	2.2%
2016	3.8%	2.6%

SHARE POINT CHANGE + 0.8 + 0.4

% of total craft volume sold in the U.S.

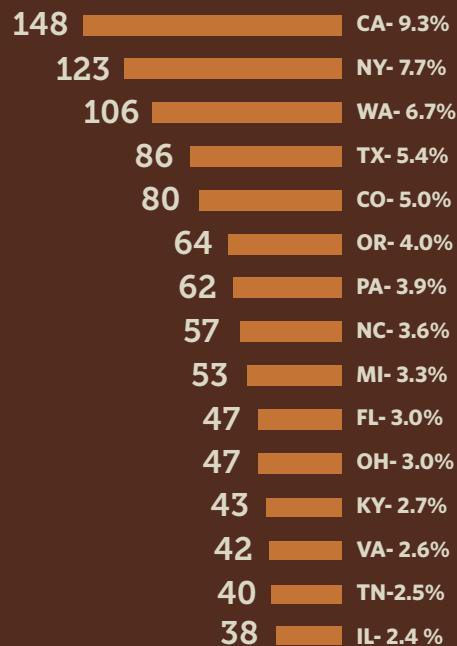


CRAFT SPIRITS SALES, BY LOCATION

It's all about local. More than half of a DSP's sales (including both on-site and outside venues) come from the home state. Nearly one-fifth of all sales take place at the DSP's production facility, underscoring the importance of tasting rooms and on-site retail to the bottom line.

TOP 15 CRAFT SPIRITS STATES

By # of distilleries & % of total distilleries



An interesting tidbit: California's share of the total number of craft distilleries (9.3%) is nearly identical to its share of Electoral Votes (10.2%)

ACSA Spirits Regulatory Research by State

In 2017 ACSA conducted a comprehensive study of the state-based (and in the case of Washington, D.C., city-based) regulations and legislation across the country, compiling the rules that govern everything from distillery license fees and production thresholds to self-distribution, on-site bottle sales and tasting room protocols. Here is a summary from each of the fifty states, plus the District of Columbia.

ALABAMA

Twenty-five out of this Control state's 67 counties are either dry or "moist"; another forty-two are completely wet. While the state allows bottle sales on-site, at fairs and farmers markets, consumers are limited to one bottle per 24-hour period. A distiller may only sell what's produced in its distillery at its tasting room bar. Self-distribution is currently prohibited.

ALASKA

On-site tastings at distilleries are limited to three ounces per person per day. Bottle sales are limited to one gallon per person per day—odd since most bottle sizes are based on the metric system. The state legislature is currently debating whether to allow distilleries to once again sell cocktails on site (the state ABC recently voted to ban the practice).

ARIZONA

Distillers can purchase either a craft distiller's license or a manufacturer's license depending on production volume. Once the producer exceeds 20,000 gallons per year, it no longer qualifies for the craft distiller's license and must apply for the manufacturer's license. Distillers may sell spirits produced by other craft distilleries on site as long as sales of outside products does not exceed twenty-percent of the distillery's sales. A distiller may self-distribute only if its annual volume does not exceed 1,189 gallons per year.

ARKANSAS

In the next two years, Arkansan distillers hope to change the law that prohibits bottle sales at festivals and farmers markets. On the plus side, the state does not place a limit on the number of bottles distillers may sell on site.

CALIFORNIA

The Golden State offers three types of licenses: Type 4 (distilled spirits manufacturer's license), Type 74 (craft distiller's license) and Type 6 (license for owning and operating a still). The limit for a craft distiller's license is 100,000 gallons per fiscal year. The state limits on-site tastings to six quarter-ounce servings or a single 1.5 ounce serving. Mixed drink samples are also allowed. Additionally, any product labeled "whiskey" must be more than three years old, and product over 120-proof (with some exceptions) requires a prescription for purchase.

COLORADO

There are no limits on the number of bottles sold on-site, but the state restricts free souvenirs to "nothing of value."

CONNECTICUT

Spirits producers may sell bottles on-site as long as their annual production does not exceed 25,000 gallons. Those bottles are limited to two one-ounce servings per person per day. On-site tasting requires an additional license. Tastes must be free and are restricted to spirits produced on the premises.

DELAWARE

The First State distinguishes between a Distilled Spirits License and a Craft Distillery License (both biennial). The Craft Distillery License has a ceiling of 750,000 proof gallons per calendar year. Bottle sales are limited to one 9-liter case per day per consumer (for consumption off premises). The state still doesn't allow sales at fairs and farmers' markets but distillers are actively trying to change that law.

FLORIDA

The Sunshine State limits on-site sales to two bottles per brand per person or six bottles—per year. The annual license fee is pretty steep, at \$4,000 a year.

GEORGIA

Georgia allows distilleries to self-distribute up to 500 barrels of spirits (about 15,500 gallons) per year. The state loosened its tour and tasting room laws on Sept. 1, 2017, by removing the three-sample-per-person-per-day limit.

HAWAII

There is no limit on bottle sales on-site, but there is a limit on what defines a craft distiller: 7,500 barrels (about 232,500 gallons) per year. Rules are variable depending on the island and county. On-site bottle sales are permitted in Honolulu only if spirits are produced from fruits, grains, sugar cane, etc. grown in Hawaii. Sales are limited to one liter. There are no limits in Kauai County.

IDAHO

Tastings are allowed on site, but the distiller is not allowed to charge. Samples are limited to three 1/4 ounce samples per person per day. Bottle sales are not allowed on site. The Idaho State Liquor Division controls sales.

ILLINOIS

The state's Craft Distillers License is limited to those that produce a maximum of 35,000 gallons per year. The maximum for non-licensees is 2,500 gallons per year. If a distillery wants to do tastings at off-premise accounts, it must have a registered tasting rep on site (for a fee of \$100) to offer free, quarter-ounce samples. A distiller can sell bottles on site, but the total volume sold may not exceed 2,500 gallons per year.

INDIANA

To qualify for the state's Artisan Distiller's Permit (fee: \$250 per year), production cannot exceed 10,000 gallons—not including gallons produced to sell through distributors. Those 10,000 gallons may be sold on-site by the sample, drink, bottle or case. The only catch related to direct-to-consumer sales is that a distiller must have a distillery permit for eighteen months before it starts selling to consumers (distillers may sell through distributors during that 18-month period). Indiana started allowing Sunday sales on March 4, 2018.

IOWA

Iowa offers a Micro-Distillery License for those that produce no more than 50,000 gallons per year. Distillers can serve up to two 1/2-ounce tastes per brand manufactured at a native distillery. Those tastes must be free of charge unless the producer obtains a class C native distilled spirits liquor control license.

KANSAS

Small producers can obtain a micro-distillery license for a biennial fee of \$500. Once they hit the 50,000-gallon annual threshold, they will have to purchase a \$25,000 manufacturer's license. If a distillery wants to sell on-site, it must be licensed as a club/drinking establishment.

KENTUCKY

Sampling must be for educational purposes as part of a tour and must not exceed one, complimentary 1.75-ounce taste of un-aged product. Visitors may be charged between \$0 and \$14. Distillers can sell bottles on-site if they possess a souvenir retail license. Visitors may not purchase more than six bottles or 4.5 liters.

LOUISIANA

Louisiana offers a \$1,000 Micro Distillery Permit, with a production threshold of 12,000 gallons. If the distillery sells fewer than 1,000 cases of product in the state per year, then the fee is only \$200. On-site purchases are limited to one case (12, 750-ml bottles) per 30-day period.

MAINE

Distillers in Maine, a Control state, may sell their products for consumption on-site as long as they pay the state's Bureau of Alcoholic Beverages & Lottery Operations, the difference between the distillery's price charged to the bureau and the discounted list price charged by the Bureau, when a distillery purchases its own spirits to be sold on its premises.

MARYLAND

Producers holding a Class 1 Distillery or Class 2 Rectifying license (\$2,000) that make less than 100,000 gallons annually may self-distribute up to 27,500 of those gallons. The state also offers a Class 9 Limited Distillery license (\$500), which also caps production at 100,000 gallons, but prohibits self-distribution. It also limits production to one product per category (one gin, one whiskey, etc.).

MASSACHUSETTS

Producers may purchase either a Farmer Distiller license for between \$22 and \$110 or a Manufacturer license (\$6,000 to \$10,000), depending on volume of sales, capacity of production facility and location. The Farmer Distillery license does not specify the volume of product that must be grown in the state, but it does specify that it is the state's agriculture that it is used in making the products.

MICHIGAN

Michigan, a Control state, allows tastings and on-site consumption, but the staff must pass a server training program. To qualify as a small distiller, the producer must make no more than 60,000 gallons per year. A distiller may not self-distribute, but may own a restaurant.

MINNESOTA

Those holding a Micro-distillery license (capped at 40,000 gallons annually) may pour samples on site, but they must not exceed 15-ml per variety per person and no more than 45-ml per person per day. On-site packaged sales are limited to one 375-ml bottle per consumer per day. The product must have been manufactured on-site and be available for distribution by wholesalers. Distillers can sell cocktails to the public if they get a cocktail room license (limited to one cocktail room license).

MISSISSIPPI

The fee for a Class 1 Distiller's and/or Rectifier's Permit is \$4,500. On-site bottle sales are prohibited and on-site tasting is limited to four 1/4-ounce samples per person per day.

MISSOURI

Missouri distillers may sell by the drink, but they must first obtain a Retail-by-the-Drink license for \$300, on top of the \$450 fee for a Liquor Manufacturer-Solicitor license.

MONTANA

Distillers in the Control state may deliver directly to retail, but they are still subject to all of the fees and taxes that would have been incurred had they gone through the state's central warehouse. On-site tastings are limited to two ounces per person per day, between the hours of 10 a.m. and 8 p.m. Ninety-percent of the product sampled must be distilled on site.

NEBRASKA

Nebraska offers multiple licensing tiers for spirits producers, based on daily capacity in barrels (average daily capacity for previous 12 months). Tier 1 for 1-100 barrels; Tier 2 for 101-150; Tier 3 for 151-200; Tier 4 for 201-300; Tier 5 for 301-400; Tier 6 for 401-500 and Tier 7 for more than 500 barrels.

NEVADA

To qualify for a Craft Distiller's license, producers must make no more than 10,000 gallons to be sold to in-state wholesalers and no more than 20,000 to be sold out of state. That maximum applies to all facilities the producer owns combined. Self-distribution is prohibited.

NEW HAMPSHIRE

Licensing thresholds in the Control state are based on domestic sales per year. The fee is \$1,200 or those selling up to 15,000 barrels. For those selling more than 15,000 barrels, the fee rises to \$1,692. Only those selling fewer than 5,000 cases per year may sell bottles on-site.

NEW JERSEY

New Jersey distillers are in the process of creating a statewide guild, among whose goals would be to ask the state to raise the craft distiller ceiling to 100,000 gallons from 20,000 in order to be competitive with other states and to allow food to be served on site.

NEW MEXICO

In order to qualify for a Craft Distiller's license, a producer must make a minimum of 1,000 proof gallons per year. At least sixty percent of the distiller's gross receipts from the preceding twelve-month period must be derived from spirits sales.

NEW YORK

In July 2017, Gov. Andrew Cuomo signed a law allowing farm distilleries to sell New York State-produced wine, beer and cider, in addition to the distilleries' own products, on their premises. Previously they were only allowed to sell spirits. The law enables distillers to achieve parity with breweries, wineries and cideries, all of which had been allowed to sell other alcohol products, including spirits.

NORTH CAROLINA

Currently, distillers may sell only five bottles per person per year on-site and distillers must buy those from the state ABC at wholesale prices. North Carolina distillers are hoping to have that limit removed and have more freedom on-site.

NORTH DAKOTA

There's a 25,000-gallon cap on production. The majority of the raw materials that go into the spirits must be derived from North Dakota agriculture.

OHIO

The license fee for a small distiller ranges from as low as \$2 to \$400, depending on gallons produced. But the maximum production volume to qualify as a craft distiller is 10,000 proof gallons. A distiller that produces under that limit may sell spirits for consumption on-site, but it must have a kitchen.

OKLAHOMA

Oklahoma, at present has some of the most prohibitive laws for distillers in the country. Consumption, including tasting, is not allowed on-site and bottle sales are forbidden. However, in October 2018, some restrictions will be lifted that could benefit spirits producers. Liquor stores will be able to open at 8 a.m. instead of 10 a.m. and individual counties will be able to vote on whether to allow Sunday sales.

OREGON

Oregon, a Control state, doesn't allow self-distribution per se, but producers that are located more than 100 miles from an Oregon Liquor Control Commission (OLCC) warehouse can get a special permit to do so—but they're restricted to distributing products not already available in the OLCC warehouse.

PENNSYLVANIA

DSPs in the Control state producing no more than 100,000 gallons per year qualify for a Limited Distillery License, which costs \$1,500, versus the general Distillery License, which costs \$5,400. Limited Distillery licensees can sell to individual consumers, retail licensees and the Pennsylvania Liquor Control Board (PLCB). Licensees also may sell products from other breweries, distilleries (both limited and large) and limited wineries for on-premise consumption, as long as those products do not exceed fifty percent of the DSP's sales.

RHODE ISLAND

Craft distilleries can sell one 9-liter case per day to consumers for offsite consumption.

SOUTH CAROLINA

Distilleries producing 125,000 9-liter cases per year pay a biennial Micro-distillery License fee of \$5,000. Once the producer surpasses that threshold, it's required to purchase a Manufacturer License for a biennial fee that's ten times the amount for the Micro-distillery License. Producers may sell up to three 750-ml bottles per customer per day, but the price tag on those bottles must be equal to or greater than the price at retail stores. The bottles also must be stamped "not for resale."

SOUTH DAKOTA

Thirty percent of raw materials, other than water, used by licensed Artisan Distillers—those whose gallonage does not exceed 50,000 per year—should consist of agricultural products grown in the state. If a distiller misses that goal, it can file an affidavit to request approval of production.

TENNESSEE

On-site bottle sales are limited to 5 gallons—or, roughly 1/6 of a barrel—to any one customer.

TEXAS

There is currently no definition for a craft distillery in the state, making it hard to delineate between craft and large distillers. Producers in Texas are hoping the state ends the two-bottle-per-person-per-month limit on bottle sales, as well as the requirement that the distributor be present any time a distiller solicits business from a restaurant or bar.

UTAH

All sales of beverages above 3.2 percent alcohol are controlled by the state. DSPs must charge a small fee for tastes—not to exceed 2.5 ounces per person per day—because they are taxable (and for "educational purposes"), and "substantial" food must be available on-site.

VERMONT

Vermont distilleries must obtain an educational sampling event permit to host on-site festivals. They must charge a \$5 entry fee per person.

VIRGINIA

In order to sell bottles on-site to the general public, a distiller in the Commonwealth first must have at least one product listed through a Virginia Alcoholic Beverage Control (ABC) store, be authorized as a Virginia ABC "distillery store" and enter into a contract with the ABC.

WASHINGTON

Those holding a Craft Distillery License (for a fee of \$100 a year) must produce no more than 150,000 proof gallons and use at least fifty percent of Washington-grown produce in their spirits. The next level is General Distillery/Rectifier license at \$2,000 a year. Craft distilleries are exempt from paying the seventeen percent retail fee for on-site bottle sales that general distilleries must pay.

WASHINGTON, D.C.

Currently, the District offers only a Class A Manufacturer's license, at a cost of \$6,000. Producers can host on-site festivals with a \$2,000 festival license, but the festival must be performance-, sports-, cultural- or tourism-related and no more than five consecutive days in length.

WEST VIRGINIA

The Control state has some on-site-sales-related peculiarities. A distillery—both large and what the state deems a "Mini-Distillery" (production ceiling: 50,000 gallons)—may sell no more than 3,000 gallons of product during the first 24 months of licensure. After that, it may increase its sales threshold by 2,000 gallons for each successive two-year period, not to exceed 10,000 gallons.

WISCONSIN

DSPs may offer no more than 1.5 ounces of free samples, but may charge for additional samples. Only beer and wine are allowed on public property in the state, so that limits festival participation to private venues which possess a liquor license.

WYOMING

A producer may only sample at a fair or farmers' market if the spirits retailer is present, has a catering permit and has given the DSP permission to sample under its license.

Statement of ACSA Financial Activity

THREE-YEAR COMPARISON

REVENUE	\$ 2015	\$ 2016	\$ 2017	\$ CHANGE	% CHANGE
CONVENTION, & EDUCATION PROGRAMS	317,095	691,642	881,582	+564,487	178%
MEMBERSHIP	183,200	199,550	225,800	+42,600	23%
TOTAL REVENUE	500,295	891,192	1,107,382	+607,087	121%
EXPENSES					
CONVENTION, LOBBYING & EDUCATION	40,948	298,879	564,478	+523,530	1,278%
OPERATING	431,907	368,368	375,828	-56,079	-13%
TOTAL EXPENSES	472,855	667,247	940,306	+467,451	+98%
CHANGE IN NET ASSETS	+27,440	+223,945	+167,076		



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Exciting Times Ahead

Associations thrive when members are actively engaged. Here's what our DSPs and industry friends can experience with ACSA in 2018: more Meet & Greets throughout the U.S., regional programs addressing distillery safety, consumer events featuring a showcase of craft spirits, an even more robust economic data release, a refreshed and revitalized ACSA website and a clear demonstration of reinvestment of the tax savings from the reduced FET. Here's to joining forces and prospering together.