



Zoning, Manufacturing, and Alcohol, OH MY!

Nancy Palmer

Executive Director, Georgia Craft
Brewers Guild

Being prepared for a growing and changing industry

- All aspects of the alcohol industry are changing rapidly. From specialty retailers, to growlers, to craft distillers – there's a lot new and exciting businesses in this sector.
- Local control is very important.
- It's not a matter of if, but when, a craft alcohol business wants to move in.

The Three Tier System



Manufacturers



Wholesalers



Retailers

- Brewpubs and Farm Wineries are limited exceptions and enjoy some retail rights.
- Just over a year ago breweries gained retail-like rights, but still are not considered retailers
- A person with an “ownership interest in, partnership arrangement with, or business association with” one tier may not, nor may their immediate family, have any interest in another tier

The Three Tier System in Georgia Law

Important Notes on State Licensing

- On and off premise consumption licensing is **NOT** different at the state level. It's determined at the local level.
- A growler is an on-premise container when filled on demand.
- Manufacturers cannot hold retail alcohol licenses. Considerations for Sunday sales, special events, hours of operation can be complicated.
- Special Event permit holders are **RETAILERS**.

So what's
craft?

SMALL, INDEPENDENT, TRADITIONAL

A craft brewery is a small, independent brewery with an annual production of less than 2 million barrels. In Georgia every craft brewery is at least 75% owned by Georgia residents. Every brewery in Georgia, except for the Budweiser facility in Cartersville and the Miller facilities in Albany and Athens qualifies as a "craft brewery".

There are a few types of craft breweries in Georgia - the "Distributing Brewery", "Non-Distributing Brewery" and the "Brewpub"



▼

Distributing OR Non- Distributing BREWERY

In Georgia, distributing breweries are beer manufacturers that sell beer almost exclusively to beer distributors. Where as non-distributing breweries sell beer almost exclusively to customers in their taproom.

Distributing breweries in Georgia vary widely in size and scope. Most of these breweries only distribute in the state, have 10 -20 employees and produced an average of 2000 barrels of beer in 2017; while the larger and older production breweries like Terrapin and Sweetwater employ hundreds of Georgians and produce well over 200,000 barrels combined.

90% of breweries in Georgia are less than 5 years old.



BREW PUB

In Georgia, a brewpub is a restaurant that opts to brew its own beer.

Brewpubs are considered craft breweries, but have different restrictions than production breweries. For example, they can only make up 10,000 barrels of beer a year and they can only sell a limited amount of beer through the three tier system. It's also required that at least 50% of their revenue is attributable to food sales.

The average brewpub in Georgia employed 61 people and produced 1,100 barrels of beer in 2017.



CRAFT DISTILLERY

There are 16 active craft distilleries in Georgia, half of which are fewer than 4 years old.

Distilled spirits start essentially as beer, which is then distilled into the spirit, which then may be aged. Some distillers choose to make their own pre-distillate, others will buy pre-distillate from a brewery.

Craft breweries build their brands on tourism to the brewery, small batch production, and innovation. Business models rely on a mix of industrial and commercial use in one building. They are both light industrial manufacturing while also being a neighborhood destination.

HOW ARE
CRAFT
ALCOHOL
MANUFACTURE
RS DIFFERENT?

What can craft breweries do?

Want to make people in North Carolina's craft-beer world laugh? Tell them this:

In 2005, when the North Carolina legislature was considering a bill that would raise the limit on alcohol in beer, one of the sponsors said a microbrewing industry could potentially create 300 jobs.

That was off by 2,700 jobs. And that's just the number working in North Carolina's 250 craft breweries. If you add related jobs, including servers, delivery truck drivers, beer shop cashiers and hop and barley growers, the Beer Institute estimates a total job impact of 58,000.

Changes in Georgia law have put us on the front end of this growth trajectory. Since the taproom law was passed, the industry has added about 15 breweries, 300 employees, and done over \$30 million in direct investment.



CASE STUDY

CREATURE
COMFORTS
BREWING
COMPANY



Built in a rehabilitated car repair shop in downtown Athens, and then a second facility was built in an abandoned textile mill



The downtown area has waived all distance requirements for alcohol service, so CCBC is across the street from a church, and 2 office buildings



CCBC has been open nearly 5 years and has about 98 employees (67 full time) between two locations and saw over 100,000 visitors in .



CCBC also contributes to the community through philanthropic programs. Just last year CCBC directly contributed 542 volunteer hours and \$79,000 dollars to local non-profits.







Concerns about Breweries and Distilleries

WATER

It's important to consider how big a brewery or distillery will be while planning.

Generally in order to make a keg of beer, you'll need at least 5 kegs of water.

WASTE WATER

So what happens to the other 4 barrels?

Those do go back down the drain.

SMELL & NOISE

Luckily, brewers and distillers use the exact same ingredients as bakers, and they make about as much noise while producing beer.

Community Sentiment: or “why a brewery isn’t a bar”



Breweries and distilleries are a source of pride for many communities, as the products are made, distributed, sold, and enjoyed by active members of the community.



A brewery or distillery visit is a community activity. The manufacturing business is deeply invested in their community and treats visitors as partners that want to share their story.



And the fine print: Georgia law is very restrictive on what manufacturers can and cannot do. Manufacturers are held to higher standards.

A brewery wants to open in your community...what's next?



Flexibility and creativity is the key. Hybrid industrial-commercial businesses are very unusual and very new. Brewers struggle to define themselves to planners.



Consider the water!



Who's got the money?



Challenge your brewers and distillers.