

# Independent Oregon Breweries COVID-19 Economic Impact Assessment

Oregon Brewers Guild

3/25/2020





## Brewery Impacts On Oregon's Economy

- Oregon is a world-class Craft Beer producing region and destination
- Oregon Craft Breweries contribute an estimated \$2B of economic impact in Oregon
- Healthy Oregon Craft Breweries directly employ nearly 10,000 Oregonians
  - The craft beer supply chain employment numbers are many times that

We must ensure that Oregon Craft Breweries survive the COVID-19 crisis

- State-mandated restaurant closures and Stay Home orders
  - Have eliminated nearly 100% of the draft beer market
  - Have closed all tasting rooms across the state
  - These decisions are the correct ones for our state and residents, but the economic impact can't be borne by one industry alone
- Brewery supply chains are locking up
  - Distributors and suppliers are facing insolvency issues
  - Bills are going unpaid
- Breweries are facing bankruptcy and permanent closures

We need dedicated and rapid support at the state level

- Oregon Breweries support many other Oregon businesses
  - Hop growers
  - Yeast Labs
  - Mobile Canning companies
  - Food distributors
  - Glass manufacturers
  - Branding agencies
  - Grain & Malting Suppliers
  - Contractors
  - And many more
- Saving Oregon Breweries will save many Oregon companies and their employees

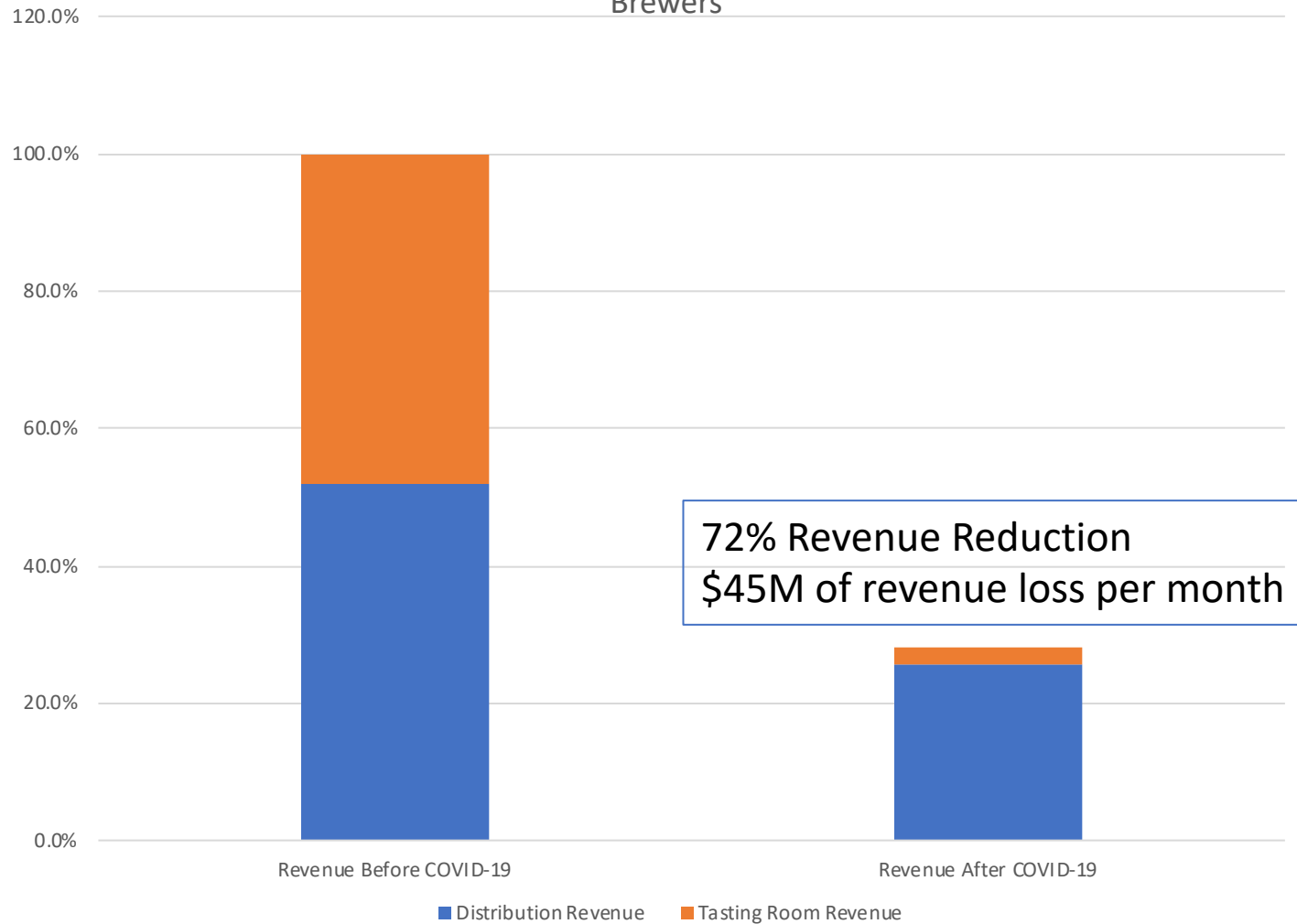
- Over 50 Oregon breweries surveyed
- Detailed data collected
  - Production levels by end-consumption type (draft, package, tasting room)
  - Labor and payroll (pre and post Covid-19)
  - Fixed operating costs (debt service, rent service, other)
- Financial Impacts Aggregated and Calculated
  - Tasting room revenue impact
  - Distribution revenue impact
  - Fixed expense load
  - Overall sales declines

Our economic impact model tells us what is needed to keep this industry alive



# Revenue Impact By Category

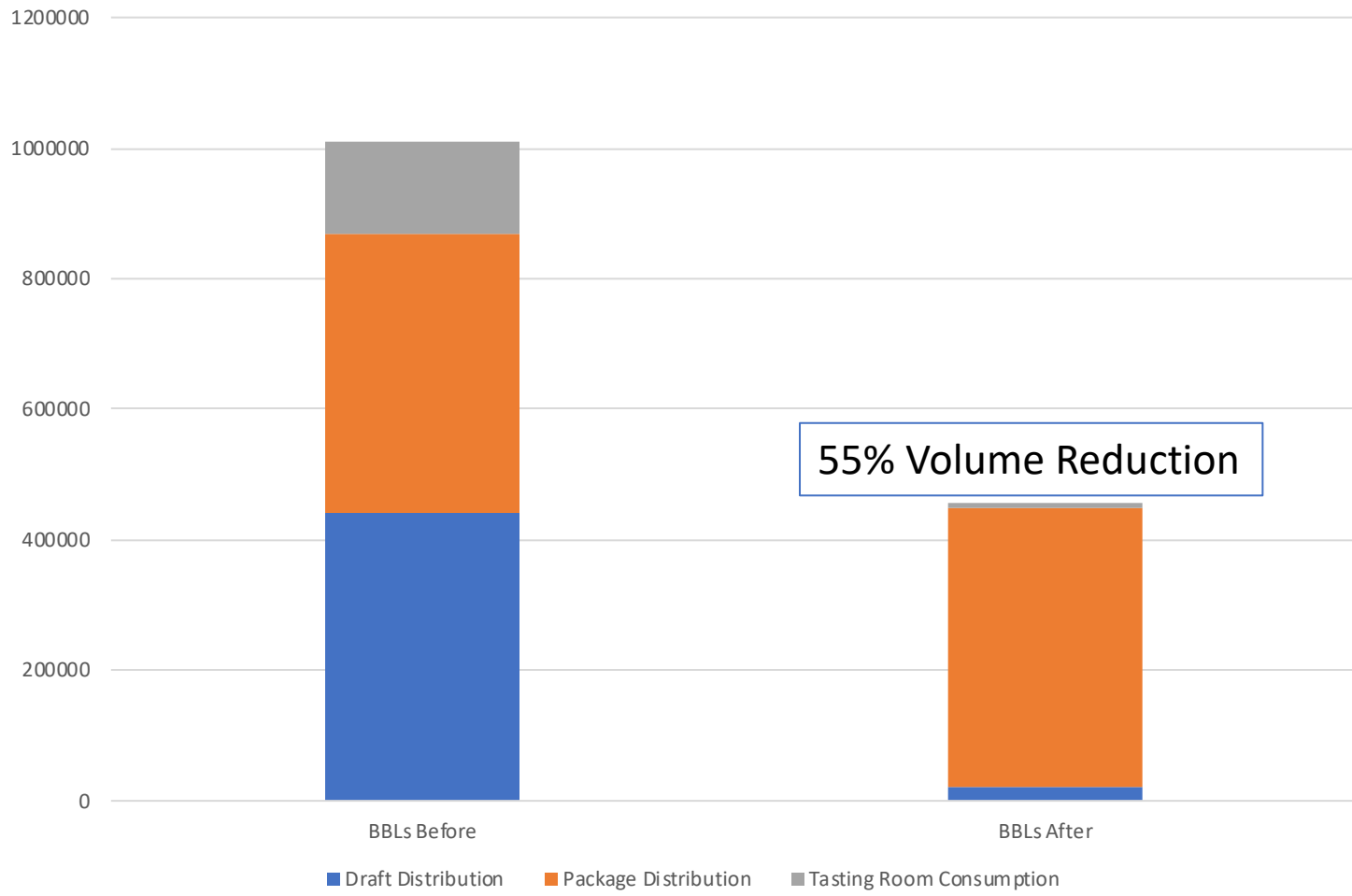
Expected Revenue Impact of Covid-19 on Oregon Independent Craft Brewers





# Volume Impact By Category

Annualized Oregon Independent Craft Beer Demand Before And After COVID-19



## Monthly Uncontrollable Operating Costs

- Debt Service - \$6.55M
- Rent Service - \$2.82M
- Other – \$1.41M
  
- Total: \$10.8M per month \*

\* As reported by survey respondents and normalized to total production volumes for Oregon.

Breweries cannot afford to cover these costs with a 72% revenue reduction



- Estimated headcount reduction of 79.5%
  - Losses are heavier in the tasting rooms versus brewery
  - Most reductions in force have already happened
- Estimated total headcount reduction: 7,100 direct employees
  - Indirect employment impacts are significantly higher

We need to get these people back to work

## Urgent Brewery Needs

- Uncontrollable Operating Cost Grant Funds (\$13M per month)
  - Rent, debt service, and other uncontrollable expenses
- Tax holiday during crisis
  - Payroll Taxes
  - Excise Taxes
  - Corporate Activities Tax
  - Business Property Taxes
- Low-interest, long-term, subordinated operating capital loans to help restart brewery supply chain (\$300M)
- Workshare Oregon Expansion (reduce minimum from 60% to 25%)



## Urgent Employee Needs

- Waive waiting week for unemployment
- Rent, utility, and mortgage assistance



## We Need Your Help!

- Independent Oregon Breweries are one of the hardest hit segments of our economy
- We need rapid, targeted financial support to prevent imminent closures and bankruptcies.
- The State can help by dedicating financial resources, supporting our breweries, and the people who make Oregon beer.
- For more information contact the Oregon Brewers Guild
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