

Abe Furth  
Orono Brewing Company  
61 Margin Street  
Orono, ME

Dear Senator Brenner, Representative Gramlich, and distinguished members of the joint standing committee of Environment and Natural Resources,

My name is Abe Furth and I am the co-owner of Orono Brewing Company. We employ thirty two people in Orono, and we've been in business since 2014. I'm here today to testify in favor of LD 1910 and strongly in opposition to LD 1909.

I'm still reeling from LD 134 and the major price increase that will hit the Maine consumers this summer, threatening my business. Now I'm faced with another catastrophic price change in LD 1909. Maine craft brewers can not handle another handling fee increase. We operate on thin margins, and have experienced the same pressures of increased costs and limited workforce as other Maine businesses. We, the Maine craft brewers, pay handling fees – not the distributors, not the retailers – craft brewers.

Increased handling fees have exponential effects on beer prices. Unlike the 5 cent container deposit which is passed through as exactly 5 cents at each level of the transaction, the handling fee has to be baked into the pricing model and distributors and retailers expect to receive their respective margin of 28% to 32% on the increased cost of handling the product. Accordingly, the 36 cents a case increase that has already been signed into law will result in a 50 cents to \$1 per four pack increase in the shelf price for my beers. A \$1 increase in a 4 pack of beer is a tremendous increase. It will lead to reduced sales and smaller profit margins for small businesses already operating on fragile margins. Imposing an additional handling fee increase (on top of the one just passed) is simply unsustainable and unfair. It will lead to catastrophic cost increases on the shelf that will reduce Maine craft beer sales.

Additionally, clawing back unclaimed deposits will lead to exponentially higher costs to the system. Unclaimed deposits go to distributors who use this money to offset the costs associated with pick up and transportation of redeemable containers that they are responsible for. This use of unclaimed deposits is part of the fundamental economics of the program and has been for two decades. Distributors and craft brewers alike rely on it in our pricing models. Without that money – the system collapses or the money comes again from brewers and consumers.

LD 1909 also proposes an automatic cost of living increase to the handling fee. That concept – considered and rejected in LD 134 – is deeply unfair. Additionally, it disincentivizes all parties from engaging in discussions around structural reform. Heaping on additional costs year after year creates an unpredictable and precarious business model for my brewery.

Maine breweries and distributors are very much in favor of improving the redemption process and reducing the amount of sorts needed. We have been advocating for years that the current system is broken. LD 1910 provides a smart reform model that we believe would make important and impactful changes to the system. Reforms to the system are critical to its long term survival – we cannot simply rely on raising the handling fee and put off desperately needed restructuring.

The financial impact of LD 1909 severely threatens Maine breweries. LD 1910 provides a reform framework that will provide real modernization of the system. I urge you to reject LD 1909 and the additional financial burdens on the beverage redemption system, and ask you to support LD 1910. Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Abe Furth', with a long horizontal flourish extending to the right.

Abe Furth