

The Economic Contribution of Missouri's Distillers



Where Can Missouri Go?

Distilled spirits are gaining market share as consumer preferences shift toward craft spirits and cocktails. The Distilled Spirits Council estimates that in 2019 spirits accounted for 36% of the alcohol market by volume, up from 31% in 2010. Missouri is well positioned to benefit from this shift, **ranking 16th in the nation** for the number of craft distillers, according to the American Craft Spirits Association.

Nationally the number of craft distillers grew by 15% from 2017 to 2018, while **Missouri outpaced that average with an 18% increase.**

While many Missouri craft distillers are just starting out, they have big goals for the future. In an early 2020 survey, small Missouri distillers had plans to **double their output by 2021.**



Small Distillers Plan to
Double Output by 2021



2019

2021

Missouri Distillers have a long history, starting with Weston's Holladay Distillery, which was the first spirits maker west of the Mississippi. Today, Missouri distillers are proudly producing award-winning craft spirits. Missouri's distillers range from small start-ups developing their first batch over several years to larger firms exporting spirits around the country. The industry is growing fast as new distillers open at the same time as existing wineries and brewers expand operations to include spirit production.



50 Missouri Distillers

601 Distiller Jobs

50 with 2019 sales; 20 additional distillers in planning/early development stage.

Missouri Distillers by Size

Size Description	Proof Gallon (PG) Sales	Business Count	Business Percent
Medium-Large	10,000 PG or More	7	10%
Small	1,000 to 9,999 PG	12	17%
Very Small	Less than 1,000 PG	31	44%
Planning/Early Stage	N/A	20	29%
Total		70	100%

Missouri distillers employed 601 people and had gross sales of \$367 million in 2019. Indirect purchases generated by these sales supported an additional 405 jobs in the state's economy and nearly \$90 million in gross sales. Distillery and supplier workers spent \$111 million for household goods and services supporting an additional 747 jobs. In total, the distillery industry contributed \$567 million in gross sales to Missouri's economy. The total value-added contribution, or gross domestic product, was over \$357 million. Every 1 job in distilling supports 1.9 jobs elsewhere in the Missouri economy.

2019 Economic Contribution of the Missouri Distillery Industry

	Jobs	Labor Income	Value Add	Gross Sales
Direct Effects				
Distilleries	601	\$90,940,000	\$249,997,000	\$366,800,000
Indirect Effects				
Supplier Inputs	405	\$28,896,000	\$45,438,000	\$89,325,000
Household Spending	747	\$35,310,000	\$61,756,000	\$110,592,000
Total Effects	1,753	\$155,147,000	\$357,191,000	\$566,718,000

The Missouri Distillers Advantage

Global Leader in Oak Barrels

Missouri is home to some of the country's largest wood barrel makers. These companies use high-quality white oaks—abundant in Missouri—and promote sustainable harvest.



Spirits Add Value to Corn

On average, Missouri's craft bourbon distillers increase the value of corn **eight-fold** as it travels from the farm to the consumer.



Missouri Bourbon

Missouri Bourbon must use Missouri-grown corn, be distilled in the state, and be aged in Missouri-made wood barrels. This definition gives consumers confidence that whiskey carrying the "Missouri Bourbon" label is truly home grown.

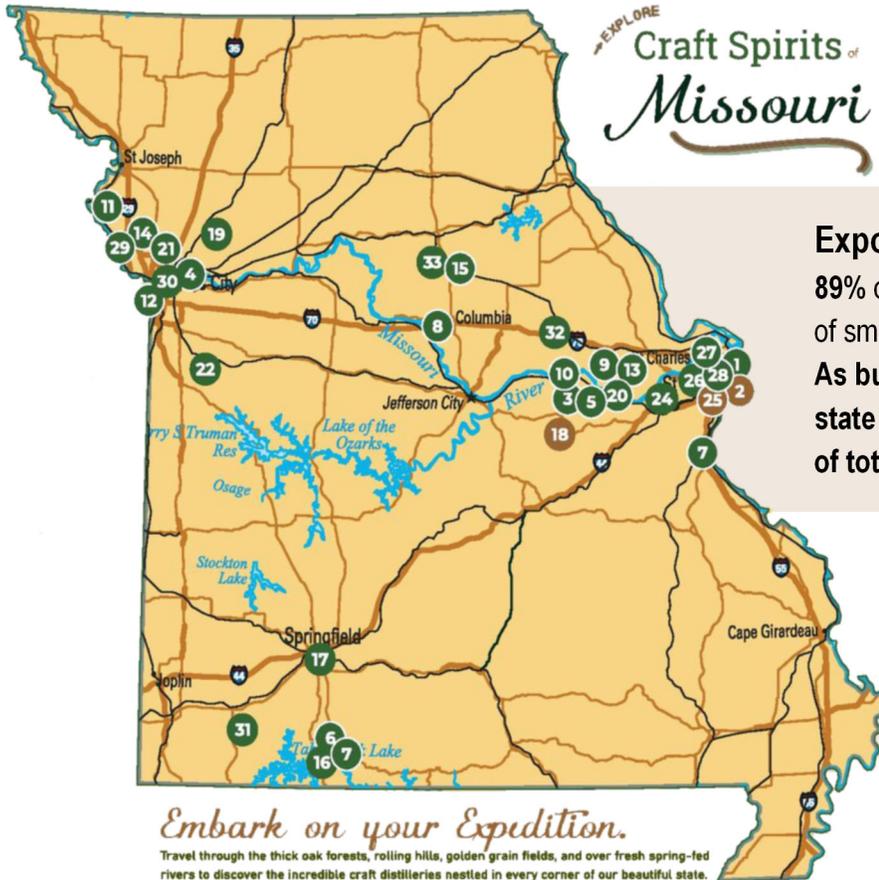
Missouri

spirits win U.S. and International Awards:

- American Distilling Institute
- American Craft Spirits Association
- Berlin International Spirits
- San Francisco World Spirits
- Denver International Spirits

Gold
Double Gold
Best in Category
Best in Class

Exports and Spirits Trail Bring Money to Missouri



Exports outside Missouri...

89% of medium/large distillers and 15% of small distillers sell outside the state. As business size increases, out-of-state travelers become a larger share of total visits.

Tourism to Missouri...

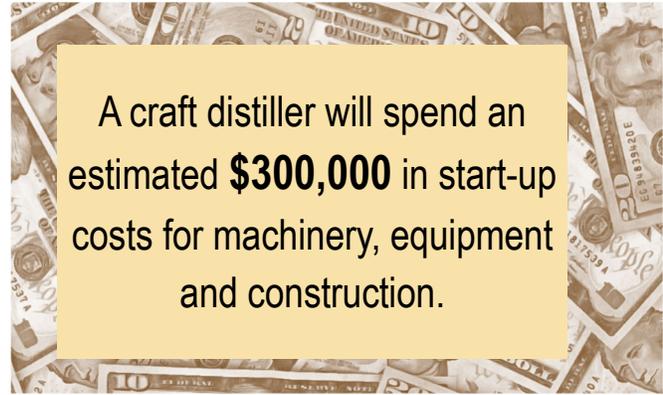
An estimated **336,000** travelers spent over **\$9.4 million** at Missouri distillers in 2019. **52%** of visitor spending at medium/large distillers and **26%** of small distillers visitor spending came from **out-of-state**.

Barriers to Growth

High Start-Up Costs and Lengthy Time to Market

Distillers take big risks starting a business, as it may be years before their first sale, and it can take five to seven years to recoup their initial investment and break even.* Surveyed Missouri distillers invested an average of \$300,000 in the machinery, equipment, and construction while they applied for their licenses and permits.

In order to reduce time to market, many new distilleries release spirits that do not need aging, blend spirits produced elsewhere, and use smaller 15-gallon barrels to improve flavor profiles. These products help fund the cost of aging spirits.



Missouri Alcohol Excise Taxes per Gallon



Beer
\$0.06



Wine
\$0.42



Spirits
\$2.00

Current Taxes & License Fees in Missouri Disadvantage Distillers

Distilleries pay higher taxes and annual license fees than breweries or wineries. A distillery of any size spends \$1,350 per year on permits to manufacture and sell spirits to wholesalers and onsite consumers, compared to \$200 for craft breweries or \$300 for a domestic winery.

Direct shipping ban limits growth...

Missouri distilleries are unable to sell spirits directly to consumers online and ship out of state, unlike wineries.

Direct sales are an increasingly important way to reach consumers. Distillers want to modernize laws to sell online to keep pace with other states (AZ, FL, HI, KY, NE, NH, VA).



Federal Excise Tax Increase

A pending federal excise tax (FET) increase from

\$2.70 to \$13.50

per Proof Gallon, would substantially increase costs and financial strain on start-up firms. Due to expire in 2020, the lower FET rate in 2018 sought to improve parity with wine and beer makers.

Missouri Craft Distillers Guild—a nonprofit organization of over 30 distillers—educates and advocates for the Missouri distilling industry. Formed in 2018, the Guild also provides legislative support and marketing opportunities to its members. The Guild sponsored the “Missouri Bourbon” bill that established a unique category designation for this MO-made spirit. The Guild also launched the Missouri Spirits Expedition to highlight craft distillery tasting rooms and promote tourism opportunities across the state.

Missouri distillers also produce a wide range of other award-winning spirits such as:

Whiskey
Brandy
Vodka
Rum
Gin

Notes

- University of Missouri Extension surveyed Missouri distillers in February 2020, and received 22 responses. The survey responses, and 2019 liquor license and excise tax collections from the Missouri Department of Public Safety, Alcohol and Tobacco Control Division, informed estimates of the number and size of distillers.
- The economic contribution estimates for Missouri distillers were developed in IMPLAN, an economic input-output model, that was modified to fit state purchasing patterns based on survey responses.
- Economic analysis terms include:
 - Jobs: annual average full- or part-time jobs. A person may hold more than one job and may be counted in other industries.
 - Labor Income: wages, benefits, and sole proprietor income.
 - Value Added: gross sales minus the cost of goods and services. It is equal to Gross Domestic Product (GDP) and represents new money to the economy to pay wages, profits, rents, interest, and taxes.
 - Gross Sales: total value of all sales, including both the input cost of making a good or service along with the money received when that product is sold for final use.
- The 8-fold average value added to a bushel of corn assumes a retail price of \$35/750mL bottle of 80 proof straight bourbon whiskey. Further, 19 bottles of this aged spirit can be made from 1 bushel of ground yellow #2 corn sold to a distiller at a premium over market price average of \$8.74/bushel.
- Surveyed distillers estimate that visitors spent an average of \$28. The Missouri Division of Tourism’s visitor profiles estimates that 0.8 percent of travelers visited distillers, or roughly 336,000 out of 4.2 million visitors.
- * Minnick, Fred. "Want To Start A Distillery? Read This" *Forbes*. Accessed from <https://www.forbes.com/sites/fredminnick/2018/10/26/want-to-start-a-distillery-read-this/#38d375455e46>.

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