



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

**ANNUAL REPORT ON THE
ACTIVITIES OF THE VIRGINIA BEER
DISTRIBUTION COMPANY AND THE
QUANTITY OF BEER DISTRIBUTED**

Joseph W. Guthrie
Commissioner of Agriculture and Consumer Services

October 1, 2024

Annual Report on The Activities of The Virginia Beer Distribution Company and The Quantity of Beer Distributed

PUBLICATION YEAR 2024

Document Title

Annual Report on The Activities of The Virginia Beer Distribution Company and The Quantity of Beer Distributed

Author

Commissioner of Agriculture and Consumer Services

Legislative Mandate

§ 3.2-102(B)(3) of the Code of Virginia

EXECUTIVE SUMMARY

The statutory authority for the Board of Agriculture and Consumer Services (BACS) to appoint members to the newly-created Virginia Beer Distribution Company (VBDC) Board of Directors (Board) was not in effect during the fiscal year (FY) ending June 30, 2024. This authority became effective on July 1, 2024, and BACS made these appointments on July 2, 2024. During FY 2024, VDACS staff worked to establish the VBDC so that the VBDC Board, once appointed, could begin making business decisions. The VBDC Board met three times between July 1, 2024, and October 1, 2024.

BACKGROUND

Chapter 597 of the 2023 Acts of Assembly established the Virginia Beer Distribution Company (VBDC), effective July 1, 2024. VBDC is a non-profit, non-stock corporation housed within the Virginia Department of Agriculture and Consumer Services (VDACS) to provide wholesale beer distribution services for licensed Virginia breweries. Many breweries in the Commonwealth have been eagerly awaiting this distribution service similar to the Virginia Winery Distribution Company that was established in 2007.

The VBDC Board of Directors (Board) consists of the Commissioner of Agriculture and Consumer Services (Commissioner) and four members appointed by the Board of Agriculture and Consumer Services (BACS). Of the four members appointed by BACS, two must be owners or managers of a Virginia beer wholesale licensee, one must be an owner or manager of a brewery or limited brewery licensee, and one must be an owner or manager of a brewery or limited brewery licensee that is not served by a wholesaler at the time such owner or manager is appointed to the Board. In making appointments to the VBDC Board, BACS must consider nominations submitted by the Virginia Beer Wholesalers Association regarding wholesale members and nominations submitted by the Virginia Craft Brewers Guild regarding brewery members.

ACTIVITIES OF THE VIRGINIA BEER DISTRIBUTION COMPANY

Company Formation

The statutory authority for BACS to appoint members to the newly-created VBDC Board became effective on July 1, 2024, and BACS made these appointments on July 2, 2024. During FY 2024, VDACS staff worked to establish the VBDC so that the VBDC Board, once appointed, could begin making business decisions.

The following individuals were appointed to the VBDC Board on July 2, 2024:

- Aden Short, P.A. Short Distributing Company, to fill a term from July 1, 2024, through June 30, 2026, as an owner or manager of a Virginia beer wholesale licensee.
- Greg White, Hoffman Beverage, to fill a term from July 1, 2024, through June 30, 2028, as an owner or manager of a Virginia beer wholesale licensee.
- Matt Mullett, RichBrau, to fill a term from July 1, 2024, through June 30, 2026, as an owner or manager of a brewery or limited brewery licensee.
- Jason Romano, Lake Anne Brew House, to fill a term from July 1, 2024, through June 30, 2028, as an owner or manager of a brewery licensee that is not served by a wholesaler at the time such owner is appointed to the Board.

At the board's first meeting, Mr. Romano was elected chair and Mr. Short was elected vice-chair. Also, the company's bylaws were adopted, and virtual meeting and remote meeting policies were approved.

System Development

During FY 2024, VDACS contracted with Tyler Technologies to develop an online registration and point-of-sale system that breweries and retailers will use with VBDC. The system was based on the Virginia Winery Distribution Company's system, but, early in development, VDACS staff identified key differences that set the beer system apart. Some of those key differences included the beer tax structure, the manner in which monthly wholesale tax reports are submitted to Virginia ABC, and the various units of measure used to quantify beer sales, including how the product is packaged. By June 2024, VDACS staff began user acceptance testing (UAT) on the VBDC system. During this time, the VBDC Operations Manager hosted UAT work sessions with brewers and other external stakeholders.

Marketing

With VBDC being in its early stages as a business, building the company's brand is an area of focus. VBDC contracted with Flair Communication to design a logo, with careful feedback solicited from the Board nominees. Shortly thereafter, VBDC acquired www.vbdc.org, which allowed Flair Communication to design the website with information on how VBDC came to be and what customers should expect. Flair Communication also manages VBDC Facebook and Instagram posts.

In March 2024, VBDC had a booth at the 2024 VDACS Food & Beverage Expo, which allowed breweries and buyers to learn more about VBDC. The Virginia Craft Brewers Guild has given VBDC a platform at its quarterly seminars to provide updates to its members on the status of the company.

QUANTITY OF BEER DISTRIBUTED FOR EACH BREWERY OR LIMITED BREWERY

During FY 2024, VBDC was not yet enacted by law and could not legally begin distributing beer until FY 2025. While licenses were not issued in FY 2024, VBDC began laying the groundwork for submitting those applications with the necessary documents to Virginia ABC. VBDC filed an articles of incorporation application with the SCC in February 2024, which was approved on February 27, 2024. VBDC also applied to the IRS for a Federal Employer Identification Number, which was issued around the same time.