



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

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

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Legislative Mandate

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

Executive Summary

The Board of Agriculture and Consumer Services (BACS) appointed members to the newly-created Virginia Beer Distribution Company (VBDC) Board of Directors (Board) on July 2, 2024. The VBDC Board met eight times during fiscal year (FY) 2025. VBDC was granted its first license on January 17, 2025, and made its first sale on January 28, 2025. VBDC is licensed to distribute through 19 locations in Virginia as of June 30, 2025. VBDC continues to see steady growth following seminar updates, public events, and social media posts. During FY 2025, 107 orders were delivered, totaling over \$27,000 in sales and more than 46 barrels of beer.

Company Formation

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.

Appointment of Board of Directors

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.

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. To ensure that future Board terms are staggered so that all four members will not need to be appointed at one time, BACS appointed two Board members for a two-year term and two Board members for a four-year term.

Initial Board Meetings and Actions

The VBDC Board held its first meeting on July 16, 2024. During this meeting, the Board adopted bylaws and a virtual meeting policy and elected officers. Jason Romano was elected to serve as Board Chair, and Aden Short was elected to serve as Board Vice Chair. The bylaws establish the Commissioner as VBDC Board Secretary.

The Board agreed to meet approximately once a month during the initial establishment of the VBDC and met eight times from July 2024 and June 2025. By the Board's fourth meeting, it adopted an operating agreement and established transaction fees of 3% for limited breweries and 4% for all other breweries. This allowed VBDC to begin applying for beer wholesale licenses with the Virginia Alcoholic Beverage Control Authority (Virginia ABC). In subsequent meetings, the Board examined numerous point-of-sale systems, discussed keg deposit fees, and developed internal policies. One of these policies pertained to the sale and delivery of beer to holders of banquet and special events licenses when such events are located within the exclusive distribution territory of another wholesale beer licensee.

VBDC Board of Directors



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.



Joseph Guthrie, VDACS Commissioner

VBDC ACTIVITIES

Licensing

VBDC applied for its first beer wholesale license with Virginia ABC on November 11, 2024. By the end of 2024, VBDC had six pending beer wholesale applications with Virginia ABC. VBDC was granted its first license on January 17, 2025.

Commissioner Guthrie hand-delivered this license to Sweetbay Brewing Company in Abingdon to mark this momentous occasion (see picture on right).

Between the first application submission in November 2024 to June 30, 2025, VBDC had 19 beer wholesale locations across the Commonwealth. An additional 61 breweries have expressed interest in distributing via VBDC by creating an account, which is the first step in the VBDC application process.



System Development

During FY 2025, the VBDC Board and support staff continued to work with Tyler Technologies to develop and fine-tune the features in the VBDC registration and point-of-sale system. 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. Keg management was a major enhancement in the system during FY 2025. This enhancement better aligned the behind-the-scenes workflows with industry standards. This also significantly reduced potential administrative work for refunding keg deposits to retailers.

Marketing

With VBDC in its early stages as a business, building the company's brand was a continued area of focus. VBDC's social media following on Facebook and Instagram has grown more than 90 percent during FY 2025.

The Virginia Craft Brewers Guild continued to provide VBDC with a platform at its quarterly seminars to provide updates to its members on the status of the company. The VBDC Operations Manager and Commissioner Guthrie presented at the inaugural Virginia Brewers Conference. This conference brought in hundreds of Virginia brewers from breweries across the

Commonwealth. The various presentations this past year centered on the structure of VBDC, how it operates, fee structures, and when breweries could expect to start distributing through VBDC.

VBDC is taking a three-pronged approach to marketing in FY 2026. VBDC will focus its marketing on breweries that do not distribute through VBDC, breweries that distribute through VBDC, and retailers.



First meeting of the Board of Directors, July 16, 2024

QUANTITY OF BEER DISTRIBUTED

First Sale

On January 28, 2025, VBDC made its first sale at its Thin Brew Line location, a law-enforcement themed brewery, located in Virginia Beach (see picture below). A half barrel of blonde ale was sold to Warriors Taphouse, a veteran- owned restaurant. Virginia Beach Mayor Bobby Dyer; Secretary of Agriculture and Forestry Matthew Lohr; Commissioner Guthrie; and the VBDC Operations Manager were in attendance to celebrate this milestone.



Total Sales

Since that initial transaction, 13 VBDC locations have actively distributed products to retailers across the Commonwealth, resulting in over \$27,000 in sales. There have been 107 orders delivered, totaling more than 46 barrels of beer. A little over six of those barrels have come from limited breweries, which are required to meet certain location, zoning, and agricultural production standards to maintain their Virginia ABC license. The majority of sales came from products in draught containers, followed by canned products. No products were sold in glass bottles. Of the more than 17,000 retailers in Virginia that are authorized to purchase beer, 74 retailers had registered to purchase products from VBDC by the end of FY 2025.

Taxes and Fees Revenues

Despite VBDC only distributing for less than six months of FY 2025, sales made through VBDC have contributed \$372 in beer wholesale taxes to Virginia ABC. The low transaction fee has brought in just under \$1,000 for VBDC's non-general fund, which will be used for operational costs and system upgrades. Details of transactions and totals of quantities, sales, taxes, and fees are shown in the following chart.

FY 2025 (July 1, 2024 – June 30, 2025)

Brewery Establishment Name	Brewery Type	Location	Order Count	Total Barrels	Total Fees	Total Tax Glass	Total Tax Can	Total Tax Draught	Total Tax	Total Sales
Trippin Billies Craft Brewery	Standard	Blackstone, VA	17	11.8329	\$240.84	\$0.00	\$0.00	\$93.15	\$93.15	\$7,071.00
Hidden Wit Brewing Co.	Standard	Moseley, VA	5	6.3387	\$152.40	\$0.00	\$42.17	\$11.81	\$53.98	\$3,870.00
Buggs Island Brewing Company	Standard	Clarksville, VA	23	5.9998	\$134.88	\$0.00	\$0.00	\$47.23	\$47.23	\$3,882.00
Vanish Brewery	Limited	Leesburg, VA	12	5.7123	\$79.35	\$0.00	\$12.00	\$34.11	\$46.11	\$2,764.50
Thin Brew Line Brewing Co	Standard	Virginia Beach, VA	11	3.5112	\$77.60	\$0.00	\$0.00	\$27.55	\$27.55	\$2,180.00
Full Distance Brewing	Standard	Stafford, VA	7	3.0147	\$57.12	\$0.00	\$5.94	\$18.37	\$24.31	\$1,548.00
Gloucester Brewing Company	Standard	Gloucester, VA	8	2.5107	\$69.80	\$0.00	\$5.90	\$14.43	\$20.34	\$2,045.00
Sweetbay Brewing Company	Standard	Abingdon, VA	11	2.3882	\$57.88	\$0.00	\$8.43	\$11.15	\$19.58	\$1,507.00
Maker`s Craft Brewery	Standard	Norfolk, VA	4	2.1667	\$40.84	\$0.00	\$0.00	\$17.06	\$17.06	\$1,171.00
Eavesdrop Brewery	Standard	Manassas, VA	3	1.5	\$21.40	\$0.00	\$0.00	\$11.81	\$11.81	\$595.00
Barnhouse Brewery	Limited	Leesburg, VA	3	0.6667	\$11.40	\$0.00	\$0.00	\$5.25	\$5.25	\$500.00
Hawksbill Brewing Co	Standard	Luray, VA	2	0.5	\$12.20	\$0.00	\$0.00	\$3.94	\$3.94	\$365.00
Blindhouse Beer Company	Standard	Roanoke, VA	1	0.25	\$6.40	\$0.00	\$0.00	\$1.97	\$1.97	\$190.00
13 locations actively distributing		Total	107	46.3919	\$962.11		\$74.45	\$297.81	\$372.26	\$27,688.50



19 total wholesale locations



107 orders processed



46 barrels of beer distributed



74 retailers registered to purchase



\$27,500+ in sales

LOOKING AHEAD TO FY 2026

Licensing

Throughout FY 2026, VBDC expects to see significant growth in the number of licensed locations throughout the Commonwealth. VBDC has already onboarded an additional 11 locations since June 30, 2025. This brings the total number of licensed locations to 30, with an additional eight pending locations as of the date of this publication.

Sales Forecasting

Based on transaction data from January 2025 through June 2025, the average transaction total is approximately \$250. Considering the growth in brewery registrations, upcoming system enhancements, and the visibility of VBDC to retailers already purchasing from VWDC, VBDC anticipates processing an average of 60 transactions per month in FY 2026, which would result in approximately \$15,000 a month in sales for an annual total of \$180,000. With these aggregates, VBDC could expect to pay a total of \$5,000 in beer wholesale taxes to Virginia ABC and collect the same amount in transaction fees.

System Development

The VBDC point of sale software was developed using Virginia Winery Distribution Company's (VWDC) software as a template. VWDC is undergoing a software upgrade and will use the VBDC software as a guide for its system upgrade. The two companies will share the same database but still remain and operate as separate companies. This capability provides opportunities for the VBDC to benefit from additional enhancements despite only being in production for one year.

These enhancements include single sign on for users with multiple accounts, such as retailers with multiple locations, users who distribute via VBDC and VWDC, and system administrators. Users can also expect streamlined workflows for discounts, keg management, and license renewal; additional reporting capabilities; and an overall enhancement to the look and feel of the software.

Marketing

VBDC is committed to its outreach to breweries that do not distribute via VBDC and to finding ways to enhance services for breweries that distribute through VBDC. With this in mind, VBDC is taking a three-pronged approach to its marketing efforts in FY 2026.

VBDC staff will continue to attend events and speaking engagements where brewery staff and decision makers are present to garner more distribution partners. Staff plans to conduct an outreach campaign to all Virginia retailers informing them of new distribution options available to them, with an emphasis on buying local. Product marketing is traditionally handled by alcohol wholesalers, but, given the unique structure of VBDC, VBDC staff is focusing instead on the brewery's designated VBDC agent and is examining creative, fair ways to help VBDC agents market their products to Virginia retailers.