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CRAFT BREWERIES

Their Impact on Wisconsin's Economy

—Kevin Dospoy, Research Assistant, Wisconsin Counties Association

With Oktoberfest just around the corner, a look at the beer industry in Wisconsin seems like an appropriate topic for this month. Few industries have been as connected to Wisconsin as brewing. Some of the biggest and most well-known breweries started here. Miller, Pabst, and Schlitz were all founded in Milwaukee in the 1840s and 1850s, giving the city the nickname “Brew City.” Minhaus Craft Brewery, formerly Joseph Huber Brewing, was founded in 1845 in Monroe and is one of the oldest continuously operating breweries in the country.

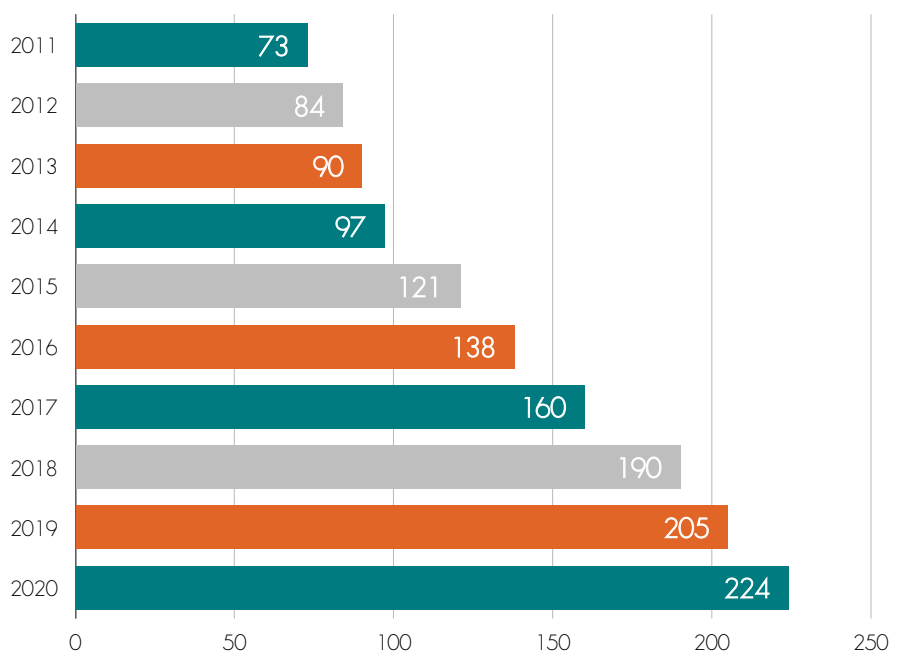
Historically, Wisconsin was home to numerous small, local breweries. From the second half of the 19th century through Prohibition in 1920, local breweries existed in nearly every city and village in the state. Because of Prohibition, the number of breweries shrank, and those that remained consolidated to stay profitable. This consolidation, for the most part, continued for the rest of

the 20th century. Despite ownership changes, corporate mergers, and consolidation, these breweries still help fuel the economic success of the state and region. A recent report from The Beer Institute and the National Beer Wholesalers Association estimated the total economic impact of all breweries in Wisconsin to be \$9.8 billion in 2020.

According to Wisconsin Department of Revenue reports, Wisconsin breweries, large and small, produced about 9.8 million barrels of beer in 2019, down 2.4% from the 10 million produced in 2015. Even though total production decreased, the share of barrels produced that were sold out of state increased from 73.9% to 76%. When breweries export their beer, money is brought into the state.

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CRAFT BREWERIES IN WISCONSIN
2011-2020



CRAFT BREWERIES

Following nearly 50 years of consolidation, smaller, local breweries have seen a renaissance in recent years. In Wisconsin, the resurgence might be traced back to 1996 when the New Glarus Brewing Company put Wisconsin on the microbrewery map as the first U.S. craft brewery to win an international beer competition. Since then, the Wisconsin craft brewing industry has taken off.

According to the Brewers Association, which is a national organization of craft and microbreweries, in 2011, there were 73 small and independent breweries in Wisconsin. By 2019, that number had jumped to 205. In a return to pre-Prohibition days, smaller breweries are popping up all over the state. Craft breweries or brewpubs now exist in at least 59 of the 72 counties in Wisconsin. The latest figures from the Brewers Association estimate the statewide economic impact of these smaller breweries was \$2.4 billion in 2019, up from \$865 million in 2013.

While the vast majority of breweries in the state are microbreweries, they produce less than 15% of all beer. Craft breweries also differ in terms of exporting out of the state. In 2019, the largest breweries exported 79% of their products while craft and microbreweries only exported 43%.

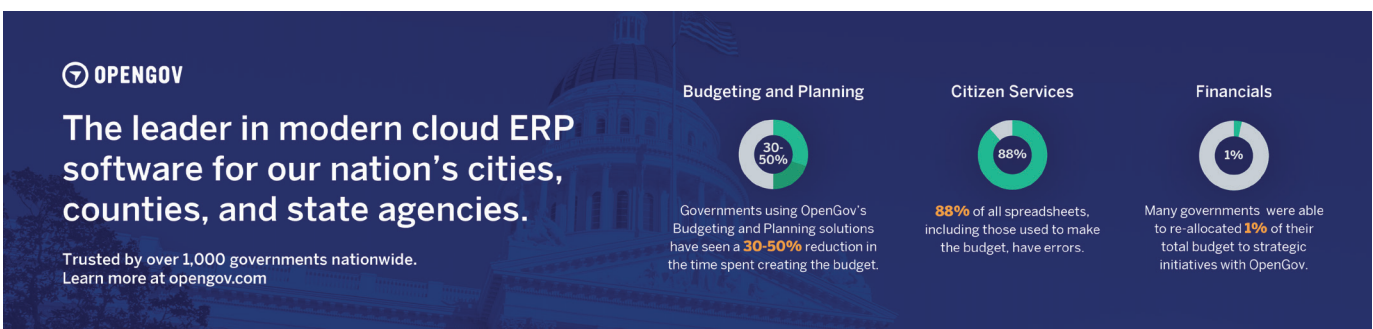
However, many microbreweries sell their beer throughout the state, exporting it out of their county. While the large brewers bring dollars into the state through exports, these small brewers bring dollars into their counties from other states and from other parts of Wisconsin. This can help drive economic growth.

In addition to selling their beer across the state and country, craft breweries stimulate local economies because they serve as tourist attractions. Many of these breweries offer tours that attract people

from across the state and nation. Travel Wisconsin, the Wisconsin Department of Tourism's website, has a page on specifically dedicated to craft beer tourism.

Like most industries, breweries suffered in 2020 because of the pandemic and stay-at-home orders. The Beer Institute estimates that Wisconsin lost 15,050 jobs and \$1.4 billion in total economic output from breweries.




But the industry is resilient. In 2020, despite the pandemic, the number of craft and microbreweries in the state increased to 224 from 205 in the previous year. As stay-at-home orders are lifted, Wisconsinites will be back to supporting the state's breweries by taking craft beer tours, visiting a local brewpub, or picking up a favorite, locally brewed six pack. ♦



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