FOURTH ECONOMY

Economic Impact of the Craft Beer Industry in Iowa

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Report by Fourth Economy

Fourth Economy is a national community and economic development consulting firm. Powered by a vision for an economy that serves the people, our approach is centered on principles of competitiveness, equity, and resilience. We partner with communities and organizations, public and private, who are ready for change to equip them with tools and innovative solutions to build better communities and stronger economies.

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Executive Summary

Fourth Economy, a national community and economic development consulting firm, was hired by the Iowa Economic Development Authority to conduct an economic impact analysis of the craft beer, wine, and distillery industries in the state. This report focuses on the craft beer industry.

The report compares Iowa's craft beer industry to other states'. In particular, **Iowa ranks thirty-third in top beer-producing states**, and Fourth Economy's analysis estimates that **Iowa is home to approximately 150 brewery and brewpub locations**.[1]

Iowa breweries generated a total economic impact of $1.25 billion in 2022 from brewery operations, trade, and tourism. This compares to $245 million in the 2020 report.[2] The brewery industry is projected to continue to grow in the next five years, including a projected 17.5 percent growth in total output (gross regional product) and a 9.6 percent increase in jobs.

The workforce of the Iowa craft beer industry totaled 7,219 employees in 2022 for direct operations and trade, an increase of 567 employees since 2018 (+9 percent).[3] Throughout the supply chain and worker spending, the industry supports a total of 14,448 jobs in Iowa. Average annual wages paid for part-time and full-time jobs in 2022 ranged from $17,761 for Drinking Place (Alcoholic Beverages) to $70,331 for Beer and Ale Merchant Wholesalers.[4]

From a tourism perspective, the beer, wine, and distillery industries play an important role. Based on the number of tourists, and their expenditures in Iowa for transportation, food, beverages, retail, recreation, and entertainment, visitors to Iowa breweries, distilleries, and wineries spent a total of $410 million in 2022. **Forty-two percent, or $172 million, can be attributed to tourism at Iowa's breweries.**

Overall, Iowa's craft beer industry continues to provide an economic impact to the state through sales, employment, tourism, and taxes and is expected to continue to grow its footprint.

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[1] Fourth Economy Analysis of Lightcast™ and Internal Data. The Iowa Alcoholic Beverages Division licenses these establishments under several classes. In 2023, there were 99 active Class A Beer Permit (Native) (BAN) licenses and 52 brewpub subpermits for 151 licenses.
[2] 2020 Iowa Brewing Industry Economic Impact Study
[3] Fourth Economy Analysis of Lightcast™ Data, 2018–22
[4] Fourth Economy Analysis of Lightcast™ Data, 2018–22

Introduction and Craft Beer Industry Overview

Fourth Economy, a national community and economic development consulting firm, was hired by the Iowa Economic Development Authority to conduct an economic impact analysis of the beer, wine, and distillery industries in the state. This report focuses on the craft beer industry.

National Craft Beer Industry Overview

The craft brewery industry is a $28.9 billion national industry, employing over 191,421 people across the country.[5] In total, the projected economic impact of the national beer industry is over $400 billion, contributing to 2.37 million jobs and $63.8 billion in tax impacts.[6] The volume of breweries in the country has grown rapidly in recent years, with the industry growing by around 100 percent from 4,847 breweries in 2015 to 9,824 in 2022. Specifically, craft brewers sold over twenty-three million barrels of beer in 2023, down 1 percent from 2022. The craft beer market composes 24.7 percent of the total $117 million US beer market.

California leads all states in number of total breweries, with 987 across the state, according to 2023 data.[7] New York ranks second with 539 and Pennsylvania third with 530. With regard to breweries per capita, Vermont (14.7), Maine (14.2), and Montana (12.3) lead the nation. California generates the largest economic impact from breweries ($8.8 billion), alongside Pennsylvania ($5.1 billion) and Texas ($4.5 billion). In terms of economic impact per capita, Vermont ($768), Maine ($581), and Montana ($577) rank highest. From the same dataset, Iowa ranks twenty-sixth in number of craft breweries, seventeenth in breweries per capita, twenty-third in economic impact, and fourteenth in economic impact per capita.

Overview of Industry Leaders, by Producers and State

The lists below depict the top ten beer producers, craft beer producers, and beer-producing states. While Iowa does not fall in the top ten, it is included in the list for reference.

[5] Brewers Association – National Beer Sales & Production Data
[6] Beer Serves America – 2022 Economic Impact Report
[7] Brewers Association – 2023 State Craft Beer Sales & Production Statistics

Beer Rankings

Top 10 US Beer Producers[8]

1. Anheuser-Busch (St. Louis, MO)
2. Molson Coors (Chicago, IL)
3. Constellation (Victor, NY)
4. Heineken USA (White Plains, NY)
5. Pabst Brewing Co. (Los Angeles, CA)
6. Diageo (Norwalk, CT)
7. D. G. Yuengling and Son (Pottsville, PA)
8. FIFCO USA (Rochester, NY)
9. Kirin-Lion / New Belgium Brewing (Fort Collins, CO)
10. Boston Beer Co. (Boston, MA)

Top 10 US Craft Beer Producers[9]

1. D. G. Yuengling and Son (Pottsville, PA)
2. Boston Beer Co. (Boston, MA)
3. Sierra Nevada Brewing (Chico, CA)
4. Duvel Moortgat USA (Paso Robles, CA)
5. Gambrinus Co. (Shiner, TX)
6. Tilray Beer Brands (Atlanta, GA)
7. Artisanal Brewing Ventures (Downingtown, PA)
8. Brooklyn Brewery (Brooklyn, NY)
9. Monster Brewing (Longmont, CO)
10. Athletic Brewing Co. (Milford, CT)

2023 Top 10 US Craft Beer–Producing States, by Volume in Barrels[10]

1. California – 3.25 million
2. Pennsylvania – 3.1 million
3. Texas – 1.51 million
4. New York – 1.43 million
5. Florida – 1.35 million
6. Ohio – 1.2 million
7. Oregon – 896,000
8. North Carolina – 893,000
9. Colorado – 793,000
10. Michigan – 903,000

33. Iowa – 147,000

[8] Brewers Association – 2023 Industry Data
[9] Brewers Association – 2023 Industry Data
[10] Brewers Association – State Craft Beer Sales & Production Statistics, 2023

Iowa Craft Beer Industry Overview

Fourth Economy's analysis of data from web scraping, Lightcast™, and other sources estimates that there are approximately 150 brewery and brewpub locations.[11] In 2023, this resulted in 144,424 barrels of craft beer produced, putting Iowa at thirty-third in the nation in terms of production.[12] These sales produce key business revenue, tax revenue, and jobs across the state. Toppling Goliath Brewing Company, Big Grove Brewery and Taproom, and Exile Brewing Company produce the most gallons of craft beer in the state.

Market Data

Sales by Volume and Market Share

In FY2023, Iowa sold 70,557,689 gallons of beer, 1.56 percent (1,099,368) of which was *native beer*, or beer made in Iowa.[13] This represents a slight increase over the previous year (+0.13 percentage-point difference over FY2022, and a total increase of 5.22 percent in native beer sold).

Native Beer Tax Revenue

The sale of beer, wine, and liquor in the state resulted in $478,259,852 total revenue earned in FY2023, derived from a combination of liquor sales, license fees, wine gallonage tax, bottle deposit/surcharge, and split-case revenue.[14, 15] In addition, native beer derived tax revenue of $208,880 in FY2023 from native beer manufactured and sold in Iowa, as well as $870,630 in revenue from native beer permits. The general fund also received nearly $13.2 million in FY2023 from the wholesale beer tax, which is taxed at $0.19 per gallon on all beer sold at wholesale in the state of Iowa.[16] This is only the specific Iowa native beer tax—it does not include the taxes generated by brewery operations and trade more generally, which provided an estimated $59.4 million in state tax revenue (see Overall Economic Impacts of Breweries).

Estimated Sales Revenue

Alcohol taxes in Iowa are not based solely on sales, and the estimates of alcohol sales based on available sources vary widely. Lightcast™ provides estimates of detailed industry sales, employment, and gross regional product (or GRP, a state-level equivalent of the national gross domestic product). The sales data is available only for 2022, but historical and forecast data is

[11] Fourth Economy Analysis of Lightcast™ and Internal Data. The Iowa Alcoholic Beverages Division licenses these establishments under several classes. In 2023, there were 99 active Class A Beer Permit (Native) (BAN) licenses and 52 brewpub subpermits for 151 licenses.
[12] Brewers Association – State Craft Beer Sales & Production Statistics, 2023
[13] Iowa Alcoholic Beverages Division – Annual Report FY2023
[14] Iowa Alcoholic Beverages Division – Annual Report FY2023
[15] This tax revenue includes ciders with an ABV of 6.24 percent or lower, according to the definition of beer in IA Code 123-3-(7).
[16] Iowa Alcoholic Beverages Division – Annual Report FY2023, p. 27.

available for GRP and employment. Fourth Economy estimated the annual sales revenue using annual GRP and employment compared to the 2022 GRP and sales per employee.

Estimated Annual Sales of Native Iowa Beer 2017–23

Year	Breweries
2023	$178,157,473
2022	$173,359,903
2021	$153,248,273
2020	$123,161,365
2019	$128,403,017
2018	$111,455,426
2017	$78,058,020

Source: Estimated using Lightcast™ GRP, sales, and employment.

Among native Iowa craft breweries, the high-volume producers by gallons in 2021 included:

1. Toppling Goliath Brewing Co. – 552,500
2. Big Grove Brewery and Taproom – 257,400
3. Exile Brewing Co. – 176,800
4. Confluence Brewing Co. – 94,900
5. Front Street Brewery – 58,500[17]

[17] Iowa's craft brews crack $1 billion in economic impact – Axios Des Moines

Craft Beer Industry Workforce

In our analysis, we considered the Iowa craft beer industry as composed of the following NAICS codes to fully capture its extent:

- 312120 – Breweries
- 424810 – Beer and Ale Merchant Wholesalers

In addition, portions of employment from the retail sales of beer from the following two NAICS codes were included as beer retailing. The portion for beer, wine, and liquor was allocated based on contributions to gross state product for each industry.

- 445320 – Beer, Wine, and Liquor Retailers
- 722410 – Drinking Places (Alcoholic Beverages)

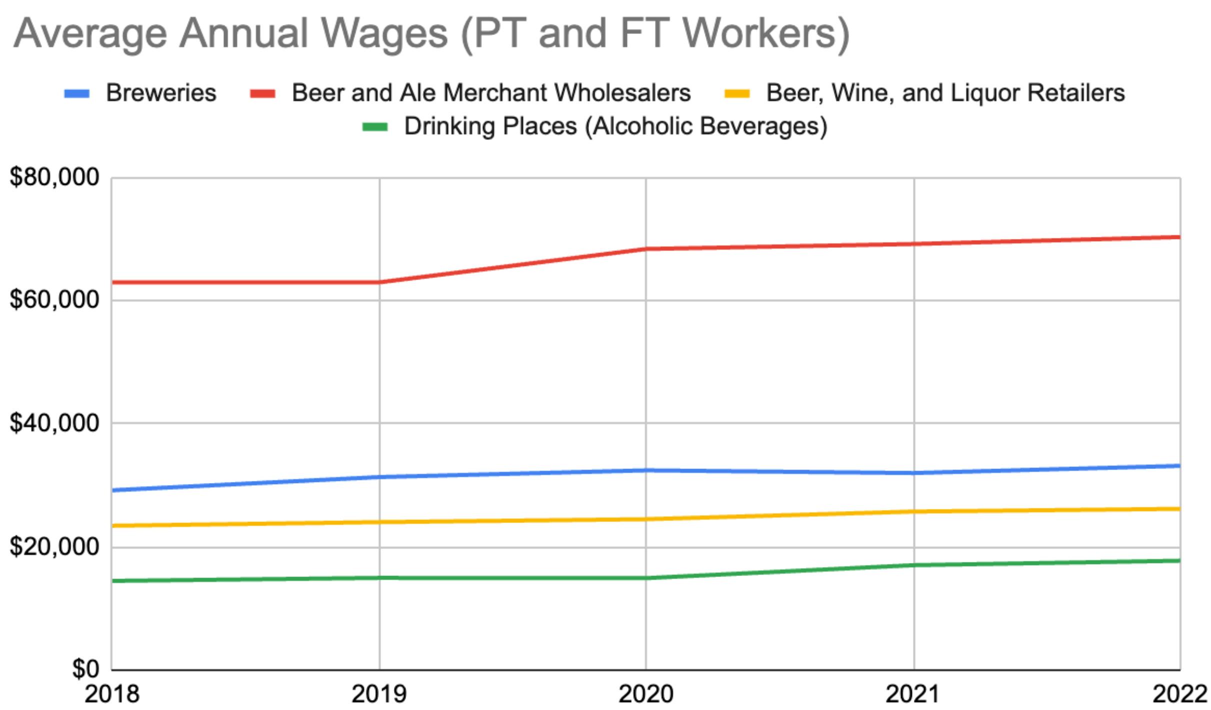
These sectors are the core of the craft brewery operations and trade sector in Iowa. The craft beer industry supported 7,219 employees in 2022, an increase of 567 (9 percent) since 2018.[18] Brewery operations have grown 51 percent during that period, adding 404 jobs. This does not include additional employment from the supply chain and brewery-related tourism that is discussed in Overall Economic Impacts of Breweries.

Breweries	2018 Jobs	2019 Jobs	2020 Jobs	2021 Jobs	2022 Jobs	2018–22 Change	2018–22 % Change
Brewery Operations	799	918	867	1,071	1,203	404	51%
Beer Wholesaling	1,321	1,370	1,346	1,358	1,362	41	3%
Beer Retailing	4,532	4,529	3,759	4,437	4,654	122	3%
Brewery Operations and Trade Total	**6,652**	**6,817**	**5,972**	**6,866**	**7,219**	**567**	**9%**

Source: Fourth Economy Analysis of Lightcast™ Data, 2018–22

Average annual wages paid per job in 2022 ranged from $17,761 for Drinking Place (Alcoholic Beverages) to $70,331 for Beer and Ale Merchant Wholesalers. Average wage calculations include wages for both full-time and part-time workers.

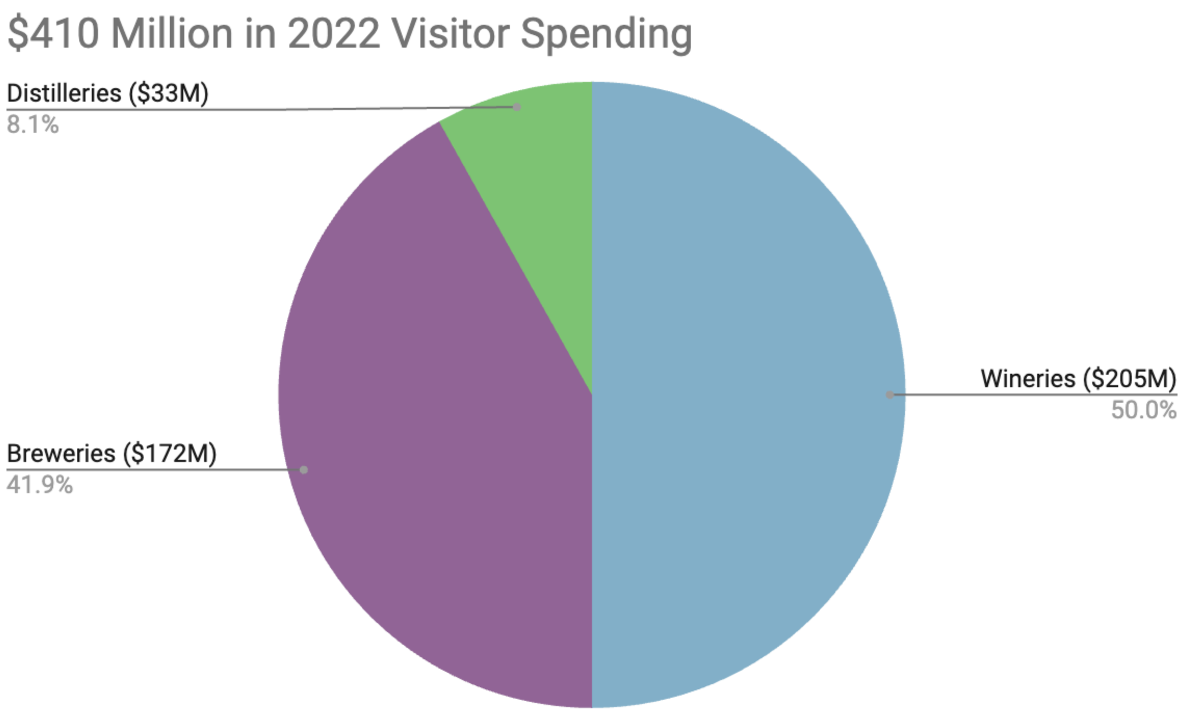
[18] Fourth Economy Analysis of Lightcast™ Data, 2012–22



Source: Fourth Economy Analysis of Lightcast™ Data, 2018–22. Average wage calculations include wages for both full-time and part-time workers.

Industry Role in Tourism

In 2022, the Iowa Tourism Office's annual economic impact report estimated nearly $7 billion in total visitor spending in Iowa, with $1.5 billion in total visitor spending for food and beverage, a 11.7 percent growth over the previous year.[19] Based on the number of tourists who visited alcohol establishments, and their expenditures in Iowa for transportation, food, beverages, retail, recreation, and entertainment, visitors to Iowa breweries, distilleries, and wineries spent a total of $410 million in 2022. Forty-two percent, or $172 million, was spent at Iowa's breweries.



Calculating Tourism Impact
According to the Iowa Tourism Office's visitor profile research for 2022, wineries and wine tastings are a personal passion or hobby for 25 percent of the tourists visiting Iowa, compared to 22 percent for breweries and distilleries. In terms of what visitors did on their trips to Iowa, 13 percent reported visiting a winery or brewery. Distilleries were not included in the report. Iowa visitors spent nearly $7 billion in the state in 2022, but counting 13 to 25 percent of that impact would seem to overinflate the benefits that breweries, wineries, and distilleries provide to Iowa. Fourth Economy developed an estimate on the range of activities and the share of visitors who engaged in them to better allocate the tourism impacts to these sectors. This resulted in a more conservative estimate of 3 percent of visitor spending, which was distributed to each sector based on its share of employment.

[19] Iowa Tourism Office – 2022 Economic Impact Report

Events and festivals are a common way for individual craft breweries, wineries, and distilleries as well as industry leaders to promote locally sourced and produced beverages to state residents and tourists alike. With industry trade associations, tourism groups, and communities leading the charge of organizing events at which producers can sell their products, the beer and wine industries specifically can excel in leveraging these opportunities for increased sales and brand awareness. The spirits industry has a sparser events calendar due to the lack of a statewide organizing body. Key brewery events include:

1. Iowa Craft Brew Festival (Des Moines)
2. Iowa Craft Beer Bash (Amana)
3. Feelin' Sour? – A Sour Beer and Cider Festival (Waterloo)
4. Brews on the Beach (Clear Lake)
5. BrrrFest (Coralville)

Overall Economic Impacts of Breweries

The economic impact of breweries is a combination of their operations, wholesale and retail trade activities, and the visitors whom the craft beer industry attracts for the state's tourism sector. Iowa breweries generated a total economic impact of $1.25 billion in 2022. Brewery operations are expected to grow output by 28 percent over the next five years, with the overall output from operations, trade, and tourism growing 17.5 percent and a projected impact of nearly $1.5 billion by 2027.

Brewery Impact Overview 2022 and Projected 2027

	Output ($M)		Change	Total Job Impacts		Change
Brewery	**2022**	**2027**	**2022–27**	**2022**	**2027**	**2022–27**
Brewery Operations	$659	$846	28.4%	2,182	2,802	28.4%
Brewery Trade	$396	$427	8.0%	9,613	10,379	8.0%
Brewery Tourism	$195	$196	0.3%	2,693	2,701	0.3%
Total	**$1,250**	**$1,469**	**17.5%**	**14,488**	**15,881**	**9.6%**

Breweries supported 14,448 jobs across operations, trade, and tourism. This includes 1,203 jobs in brewery operations and 6,016 in brewery trade (retail and wholesale), providing a total of 7,219 jobs for operations and trade. Another 2,042 jobs are supported by brewery-related tourism for a total direct impact of 9,261 jobs.[20] Indirect jobs in the supply chain accounted for 2,074 jobs, with another 3,153 jobs from related worker spending, for a total impact of 14,448 jobs in Iowa.

2022 Brewery Job Impacts

	Direct	Indirect	Induced	Total
Brewery Operations	1,203	282	697	2,182
Brewery Trade	6,016	1,509	2,088	9,613
Brewery Tourism	2,042	283	368	2,693
Total	**9,261**	**2,074**	**3,153**	**14,488**

Brewery employment provided nearly $297 million in direct earnings, with total earnings of $584.7 million.

[20] Note: *Brewery-related tourism* refers to tourism that results when a visitor's primary motivation to travel is to visit a brewery, beer festival, or beer show to experience the beer-making process and/or tasting of beer. See Calculating Tourism Impact on page 11. Visitor data from the Iowa Tourism Office – 2022 Economic Impact Report. For more information, see Beer tourists: Who are they?

2022 Brewery Earnings Impacts ($M)

	Direct	Indirect	Induced	Total
Brewery Operations	$39.0	$19.0	$38.8	$96.9
Brewery Trade	$210.9	$84.3	$110.6	$405.8
Brewery Tourism	$47.0	$16.1	$18.9	$82.1
Brewery Total	**$296.9**	**$119.4**	**$168.4**	**$584.7**

Local governments received $73.6 million in total tax revenues, and the State of Iowa collected $59.4 million out of a total tax impact of $156.6 million. These taxes include the gallonage tax on beer; other business property taxes, licenses, and sales and gross receipts taxes; federal taxes on goods and services from the direct operations; and the broader supply chain (indirect impacts) and worker spending (induced impacts).

2022 Brewery Tax Impacts ($M)

	Local	State	Federal	Total
Brewery Operations	$19.1	$15.6	$7.0	$41.7
Brewery Trade	$49.1	$39.5	$14.9	$103.6
Brewery Tourism	$5.4	$4.3	$1.6	$11.3
Brewery Total	**$73.6**	**$59.4**	**$23.6**	**$156.6**

Economic Impact of the Craft Beer Industry Supply Chain

According to interviews conducted with local stakeholders and industry professionals, barley and hops, the two critical crops needed for beer production, are grown with less success in Iowa when compared to other states. As a result, most Iowa breweries bring in crops from other areas to facilitate beer production, including from Minnesota, North Dakota, and the Pacific Northwest region. If Iowa were to innovate its agriculture production to better meet the demand for high-quality small grains, it could better capture the economic potential in the market.

Currently, most producers are giving their alcohol production by-products away to other farmers as feed and compost, or to dispose of these by-products completely. With research and experimentation, there is an opportunity to derive further value from these by-products.

The below tables exhibit the top five industries supplying the craft brewery industry and the share of purchases in state. For breweries, Fabricated Metal Product Manufacturing is the leading industry for purchases. However, only 19 percent of this purchasing occurs in state. Crop Production, the second-largest industry for purchases, sees the highest percentage of in-state purchasing: 36 percent. Food Manufacturing also accounts for a high share of in-state purchases, at 32 percent.

Purchases from	**Total Purchases**	**In-Region Purchases**	**Share in State**
Fabricated Metal Product Manufacturing	$33,808,762	$6,265,691	19%
Crop Production	$18,037,285	$6,459,326	36%
Paper Manufacturing	$15,328,390	$1,515,314	10%
Nonmetallic Mineral Product Manufacturing	$13,784,069	$3,316,571	24%
Food Manufacturing	$13,255,384	$4,186,580	32%
Subtotal Top 5	**$94,213,890**	**$21,743,482**	**23%**

National Economic Outlook for Craft Beer, Wine, and Distillery Industries

Total alcoholic beverage sales in the United States stood at $259.8 billion in 2022, increasing from $244.9 billion the previous year (+6.1 percent year-over-year growth) after a pandemic-era low of $215.3 billion.[21] According to the Brewers Association, the overall beer market was worth $115.4 billion in 2022, of which retail dollar sales for the craft beer market increased 5 percent to $28.4 billion (24.6 percent of the overall market).[22] However, overall US beer volume sales were down 3 percent in 2022.[23]

The wine industry, meanwhile, was worth $53.3 billion and projected to grow to $70.5 billion by 2027.[24] The US spirits industry experienced year-over-year revenue growth from 2021 to 2022, growing 5.1 percent from $35.8 billion to $37.6 billion.[25] Indeed, over the past twenty years, the spirit industry's average annual growth was 5.4 percent, compared to 75 percent in the past five years.[26]

Overall, the sales market share of the alcohol industry in the US, by beverage, was broken down with beer accounting for 41.9 percent, wine accounting for 16 percent, and spirits accounting for 42.1 percent.[27] Despite an increase in the consumption of craft beer, beer has had a declining market share since 2000, when it accounted for more than half (55.5 percent) of all sales, while spirits have increased significantly over this period, growing from just 28.7 percent of the market in 2000.[28]

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[21] Alcoholic beverage sales in the U.S. 2022 | Statista
[22] National Beer Sales & Production Data – Brewers Association
[23] National Beer Sales & Production Data – Brewers Association
[24] Wine – United States | Statista Market Forecast
[25] Distilled Spirits Council of the United States – Annual Economic Briefing
[26] Distilled Spirits Council of the United States – Annual Economic Briefing
[27] Alcohol market share by segment U.S. 2022 | Statista
[28] Alcohol market share by segment U.S. 2022 | Statista

Appendix A – Key Stakeholder Interviews

We conducted our interviews as part of a broad study of the impact of breweries, distilleries, and wineries. The full list of interviewees is included below:

Breweries

1. John Martin – Founder, Confluence Brewing
2. Noreen Otto – Executive Director, Iowa Brewers Guild
3. Megan McKay – Owner, Peace Tree Brewing

Distilleries and Orchards

4. Jeff Quint – Owner, Cedar Ridge Distillery
5. Ryan Burchett – Chief Financial Officer, Mississippi River Distilling Company
6. Paul Rasch – Owner, Wilson's Orchard
7. Benji Deal – Owner, Deal's Orchard

Wineries

8. Kevin Fifo – Owner, Covered Bridges Winery
9. Anne Zwink – Owner, Soldier Creek Winery
10. Tara Kohlhaas – Founder, Wijn House
11. Christie Jensen – Executive Director, Iowa Wine Growers Association
12. Erin Norton – Director, Iowa State University Midwest Grape & Wine Industry Institute

Public Sector

13. Zhi Chen – Senior Planner, Des Moines Area Metropolitan Planning Organization
14. Stephen Larson – Director, Iowa Alcoholic Beverages Division