

## CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT OF 2019

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The Craft Beverage Modernization and Tax Reform Act helps to ensure the continued growth of America's craft beverage industry by reducing excise taxes, compliance burdens, and regulations for brewers, cider makers, vintners, and distillers. Each beverage class faces unique challenges, and this legislation takes a tailored approach to promote job creation in each sector. As a result, this comprehensive bill is supported by the entire craft beverage industry. Certain of these craft beverage provisions were temporarily enacted in 2017, but are scheduled to expire at the end of 2019. This legislation would permanently establish reduced taxes and regulatory burdens for craft beverage producers.

In 2016, the brewing industry alone contributed more than \$350 billion to the U.S. economy, directly and indirectly employing about 2.23 million Americans. The wine industry contributed \$220 billion and 1.7 million jobs, and spirits contributed more than \$173 billion and 1.5 million jobs.

This legislation helps support the more than 7,000 breweries, 10,000 wineries, and 2,000 distilleries across the country by doing the following:

Reduce burdens for brewers:

- Reduce excise taxes for brewers to provide more cash flow to reinvest in growing their businesses.
- Simplify rules for ingredient approval, remove barriers to brewery collaboration, and streamline outdated inventory rules.

Reduce burdens for vintners:

- Expand the wine producer tax credit to increase its benefit, cover more wineries, and promote regional growth.
- Expand allowances on carbonation and alcohol content for certain wines for tax purposes.

Reduce burdens for distillers:

- Establish reduced excise taxes for craft distilleries to help small businesses get off the ground.
- Relax restrictions on tax-free transfers of spirits between distillers.

Reduce tax and compliance burdens for all producers, and improve excise tax administration:

- Exempt beverage producers from complex capitalization rules for aged products and level the playing field between U.S. businesses and their international competitors.
- Continue Alcohol and Tobacco Tax and Trade Bureau (TTB) funding increases to streamline critical programs for brewers, cider makers, vintners, distillers, and distributors.