



June 19, 2019

The Honorable Richard Neal  
Chair

The Honorable Kevin Brady  
Ranking Member

Committee on Ways & Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady:

We are grateful that the Craft Beverage Modernization and Tax Reform Act is among the 2019 expiring provisions included in the Committee's extender package. As representatives of America's winemakers, brewers, distillers, cideries, we believe the extension of tax incentives designed to stimulate job growth and investment must be dealt with ahead of their expiration dates or they will not continue to function as originally intended.

These are precisely the circumstances both small and large beverage alcohol producers now face with respect to the Craft Beverage Modernization and Tax Reform Act (CBMTRA), which was enacted as a two-year provision of the Tax Cuts and Jobs Act of 2017. It is scheduled to expire at the end of 2019. We are pleased to note that a strong bipartisan group of 228 members of the House, including 28 members of this committee, have expressed their support by cosponsoring H.R. 1175, the bill introduced by Rep. Kind and Rep. Kelly to make CBMTRA permanent.

CBMTRA was principally designed to reduce the high federal excise taxes (FET) paid by all alcohol producers and importers. The tax reduction was geared to provide the most relief at relatively low levels of production as a way of generating extra funds for investment in new capacity, local tourist facilities and jobs. Brewers have expanded production and enhanced their taprooms; spirits makers are buying new stills and expanding purchases of locally-grown grains; wineries are creating new tourist experiences and cideries are bringing new products to market.

Our coalition believes the craft beverage excise tax reduction has worked precisely as it was designed, except that the temporary aspect of it is raising concerns. Small businesses rely on certainty. Instead of aggressively moving forward with expansion plans as they did in the first year, producers are now concerned the FET cuts will be allowed to expire, causing huge tax increases instead. The jobs that have already been

gained, as well as the supply contracts with local farmers, can manufacturers and glass bottle plants, are hanging in the balance.

Thank you for considering our views and supporting the Kind-Kelly bill. Please do not hesitate to contact any of us for further information about the impact of extending the Craft Beverage Modernization and Tax Reform Act in your state.

Best regards,

American Craft Spirits Association  
Beer Institute  
Brewers Association  
Distilled Spirits Council of the United States  
WineAmerica  
Wine Institute  
United States Association of Cider Makers