Introduced by Senators Ron Wyden (D-OR) and Roy Blunt (R-MO) and Representatives Ron Kind (D-WI) and Mike Kelly (R-PA), the Craft Beverage Modernization and Tax Reform Act of 2019 (S.362/H.R. 1175) would preserve a fairer and more equitable tax structure for brewers, winemakers, distillers, cider makers, and importers of all beverage alcohol that are set to expire on December 31, 2019.

The alcohol beverage sector proudly contributes more than four million jobs to the American economy.

Maintaining excise tax relief for the entire alcohol beverage sector will allow it to continue to invest in businesses and support good-paying jobs across the country.

**Beer:** Without action from Congress, America’s more than 7,000 active breweries and beer importers will face a nearly $130 million annual excise tax increase beginning in January 2020. This bill will maintain much needed excise tax relief for all brewers and beer importers by:

- Making the federal excise tax of $3.50 per barrel permanent on the first 60,000 barrels and to $16 on all subsequent barrels for domestic brewers producing fewer than 2 million barrels annually.
- Preserving the federal excise tax to $16 per barrel on the first 6 million barrels for all other brewers and all beer importers.
- Keeping the excise tax at $18 per barrel after the first 6 million barrels.

**WINE:** With few exceptions, for every 750 mL bottle of table wine (7% – 14% Alcohol by Volume) produced, 21 cents goes to the federal government. This bill reforms the federal excise tax on wine by:

- Keeping an excise tax credit for wineries of $1.00 for the first 30,000 wine gallons produced, $0.90 for the next 100,000 wine gallons produced, and $0.535 for the next 620,000 wine gallons produced.
- Continuing the existing prohibition against claiming the credit for naturally sparkling wines.
- Maintaining the Alcohol by Volume (ABV) allowed for the $1.07 tax rate from 14% to 16% ABV.

**SPIRITS:** Fifty-four percent of the price of a bottle of distilled spirits is consumed by taxes and fees. This bill keeps the reforms to the federal excise tax on spirits by:

- Maintaining a reduced rate of $2.70 per proof gallon for the first 100,000 proof gallons of distilled spirits produced or imported annually for spirit producers.
- Preserving a rate of $13.34 per proof gallon for the next 22,130,000 proof gallons of distilled spirits.
- Keeping the excise tax rate of $13.50 per proof gallon for production in excess of 22,230,000 proof gallons.

**CIDER:** Cider tax rates are complex. Producers may pay hard cider taxes or wine taxes depending on their ingredients. The amount of taxes per twelve-ounce bottle can be as high as 10 cents in many cases. In the example of sparkling cider producers, the tax is as high as 60 cents per 750m bottle. This bill reforms the tax rate for cider producers by:

- Making sparkling cider producers eligible for a small producer tax credit for the first time.
- Creating a tiered small producer tax credit (same credits as wine) applicable to fruit cider producers, leveling the playing field for cider producers making both fruit cider and hard cider-tax rate products.
- Creating a tiered excise tax credit for hard cider-tax rate cideries of $0.062 for the first 30,000 wine gallons produced, $0.056 for the next 100,000 wine gallons produced, and $0.033 for the next 620,000 wine gallons produced.

The Craft Beverage Modernization and Tax Reform Act enables members of Congress to support producers and importers of beer, wine, distilled spirits, and cider makers without picking winners and losers among a U.S. manufacturing industry that is important to our national economy.

To co-sponsor, please contact Chris Arneson with Senator Wyden’s office at Christopher_Arneson@finance.senate.gov, Dan Burgess with Senator Blunt’s office at Dan_Burgess@blunt.senate.gov, Ethan Holmes with Rep. Kind’s office at Ethan.Holmes@mail.house.gov, or Lori Prater with Rep. Kelly’s office at Lori.Prater@mail.house.gov.