

March 18, 2020

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

Across the United States, our member distilleries are doing their part to help prevent the spread of COVID-19 and ensure the health and safety of their workers and the public. However, because of the necessary measures being undertaken, including the closures of restaurants, bars, and tasting rooms, many distillers will soon need to lay off employees and delay or reduce production. Many may even be forced to close their doors permanently. These developments not only impact the livelihoods of distillers but also those of farmers, glass bottle makers, truck drivers, warehouse workers, and countless others connected to the spirits industry. The U.S. spirits sector's close link to hospitality and tourism industries also underscores the need for relief that enables bars and restaurants to keep their doors open beyond the COVID-19 crisis.

Absent relief, the U.S. distilled spirits industry faces a tremendous threat, which would also have negative consequences for our related industries. Thus, as negotiations on an economic relief package progress, we urge Congress to:

Provide federal excise tax relief.

- *Suspend federal excise taxes and waive interest on late payments, effective from January 1, 2020, for one year through December 31, 2020.* This will result in immediate tax savings for distillers during this challenging time.
- *Permanently enact the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/S. 362).* Making permanent the current tax rates permanent for distillers by enacting this bipartisan bill with 73 Senate cosponsors and 342 House cosponsors would create certainty amidst economic instability.

Ensure robust no- and low-interest loan assistance.

- *Create and provide significant resources for Small Business Interruption Loans to ensure business continuity for distilleries.* U.S. government-guaranteed loans

with a streamlined underwriting process and appropriate interest rates and terms would help ensure distillers are able to sustain normal operations.

- *Provide for robust funding for Small Business Association (SBA) Disaster Assistance Programs.* Low-interest loans through SBA are necessary for affected businesses – including distillers operating on slim margins on the brink of closure, helping them to avoid lay-offs and pay bills. As few limits as possible should be placed on the ability for small businesses to access these loans regardless of existing lines of credit.
- *Ensure that the terms and conditions of existing and new commercial bank loans mirror those of SBA Disaster Assistance Loans.* SBA Disaster Loans represent a critical economic lifeline for distillers, but small businesses must first exhaust access to other lines of credit. Recognizing the extraordinary burden the COVID-19 crisis places on the beverage alcohol industry, we urge Congress to consider ways to modify the conditions of current and new commercial banks loans undertaken during this time to bring them into greater alignment with disaster assistance loans.

Seek the suspension of tariffs on distilled spirits.

- *De-escalate trade dispute with the European Union (EU) and simultaneously remove the tariffs on EU and U.S. distilled spirits products.* The 25% tariff the EU has had in place on American Whiskey since 2018 has resulted in a 27% reduction in American whiskey exports. U.S. tariffs resulting from the WTO Airbus dispute on Single-Malt Scotch Whisky, Single-Malt Irish Whiskey from Northern Ireland, and Cordials and Liqueurs is resulting in higher costs for consumers and lost American jobs. Suspending tariffs on distilled spirits provides an opportunity for both the EU and the U.S. to support jobs on both sides of the Atlantic.

Create an Industry Stabilization Fund.

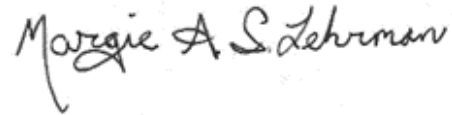
- *Development of a government-wide grant program that would prioritize the beverage alcohol industry to help small businesses through the financial crisis.* This could include a stabilization fund to provide cash advances to ensure small distilleries have enough receivables to pay their employees and to borrow against. We would ask that the U.S. Department of the Treasury create the program within 15 days of enactment and provide grants with minimal procedural delay.

The U.S. distilled spirits industry proudly supported over 1.6 million jobs across the country and generated over \$190 billion in economic activity in 2018. In Kentucky, the distilled spirits industry is an \$8.6 billion economic and tourism engine, generating more than 20,100 jobs with a \$1 billion payroll, and currently investing more than \$2.3 billion in capital projects. In New York, the industry supported over 87,000 jobs and over \$7 billion in economic activity in 2018. As Congress moves swiftly to provide economic relief to affected businesses, we urge you to remember the important role of distilleries in your home states and across the country and their inextricable link to the hospitality, restaurant, tourism, and retail industries. Thank you for your consideration.


Sincerely,



Chris R. Swonger
President & CEO
Distilled Spirits Council of the United States



Margie Lehrman
CEO
American Craft Spirits Association



Eric Gregory
President
Kentucky Distillers' Association



Cory Muscato
President
New York State Distillers Guild

Cc: President Donald J. Trump
Secretary Steven Mnuchin
House Speaker Nancy Pelosi
House Minority Leader Kevin McCarthy