

The background is a vibrant blue with a complex, abstract pattern of wavy, organic shapes and circles in various shades of blue, creating a textured, liquid-like effect.

Craft Beverage Modernization Tax Reform Act: What's in Store

CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT: WHAT'S IN STORE



MEET THE PANEL



Courtney J. Armour
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CEO
St. Augustine
Distillery Co.



Hannah Cooper
Director, Grassroots
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Legislative Update and Push for Permanency

- Current federal excise tax rates extended through 2020!
- Advocating for permanent solution
 - Working with Congressional champions on all opportunities
 - Co-sponsors remain strong: 339 (House) and 73 (Senate)-
roughly $\frac{3}{4}$ of each chamber is signed on as cosponsors!
- **Vital** to tell distiller stories
 - How has it allowed you to invest, grow & create jobs
 - What your business stands to lose if taxes increase



CALL TO ACTION: PERMANENCY ADVOCACY NEEDED

- Communications advocacy strategy leveraging
 - Social media
 - Letters to the editor
 - Digital advertising
 - Spirits United
- DISCUS/ACSA Public Policy Conference 2020
- Show & Tell... Congress why this industry is so special
 - Invite elected officials to visit your distilleries
 - Congressional recess periods in March, April, May, August

CBMTRA: IMPORTER'S PERSPECTIVE

- CBMTRA also provides allocation for lower taxes on imports
- Necessary for WTO compliance
- Great opportunity, but requires care and diligence to access

WSSA Mission:

Negotiate competitive rates and services for our members, offer best in class cargo insurance, and provide value added services to benefit our membership.



Freight Negotiation

WSSA uses the volume of our shippers to negotiate shipping contracts on behalf of importers and distributors in the wine and spirits industry. Our dedication to providing efficient and economical transportation by land, sea, or air, enables our members to tap into a marketplace – efficiently and affordably.



Risk Management

Marine insurance isn't something shippers should have; it's something shippers must have. WSSA offers its members "All Risk" Marine Insurance for shipments by sea, land or air from anywhere in the world. Wine, Beer, Spirits and other select beverages as well as any related merchandise incidental to the business of the assured are covered in our policy.



Education, Advocacy, Intel

WSSA acts as a knowledge resource center by providing regular education events such as webinars, roundtable discussions, panel discussions, and industry mailings so members can learn how to improve the efficiency of their wine and spirits business operations.

SIGNIFICANT POTENTIAL SAVINGS ON IMPORTS

CBMTRA Potential Savings Example:

Quantity (1 x 40' container)	1200
Pack	12
Size	750 ml
Proof	80
PFG/Container	2282.43

Tax Paid	Rate	Tax Paid
Non-CBMA Rate	\$ 13.50	\$ 30,812.81
Lowest Tier CBMA Rate up to 100k PFG	\$ 2.70	\$ 6,162.56
Second Tier CBMA Rate up to 2.13M PFG	\$ 13.36	\$ 30,493.26

Savings at Lowest Tier	\$ 24,650.24
Savings at Second Tier	\$ 319.54

\$31K
@ 13.50 rate

\$6K
@ 2.70 rate

REQUIRED DILIGENCE AND DOCUMENTATION

Three key documents required for importers:

- Assignment Certification
 - Allocation from your producer(s)
- Controlled Group Spreadsheet
 - Document all parent/subsidiary companies of producer
 - Tip: trust but verify
- CBMTRA Spreadsheet
 - Worksheet with allocations, depletions and tax calculations



AVOIDING ERRORS AND DELAYS

Errors equal claim rejection & potential penalties!

- Various calculation issues on CBMTRA spreadsheet
- Incorrect information included or missing information on the Assignment Certifications
- Incorrect Naming Conventions for file names (all three documents)
- Unsubstantiated claims



EDUCATION = GREATER SUCCESS

- Study available webinars/presentations
 - DISCUS/WSSA presentation available
- Review FAQs and guidance from CBP (and TTB)
- Hire a professional to assist
 - For example, WSSA CBMTRA consultation includes
 - Analysis of eligibility and credits
 - Data preparation
 - Full service: analysis, data preparation, and filing of protests with US Customs

WHAT DOES CBMTRA MEAN FOR CRAFT DISTILLERS?

- St. Augustine – Reinvest in business and create jobs



WHAT DOES CBMTRA MEAN FOR CRAFT DISTILLERS?

- **St. Augustine Distillery**
 - Reinvested over **\$400K** back into the business
 - New Fork Lift, Upgraded Mill and New Auger
 - 3,000-gallon stainless blending tank for larger batches
 - 3 new 850-gallon fermenters – 2nd shift + 2x production
 - Purchased 400 additional new oak barrels for bourbon
 - Opened 2nd Distillery (**City Gate Spirits**)
 - **Hired 12 new employees**
 - New health benefits for staff
 - Increased marketing and sales support budget



St. Augustine, Florida

WHAT DOES CBMTRA MEAN FOR CRAFT DISTILLERS?

Other Florida craft distiller stories

- **Chef Distilled Spirits** (*Key West*)
 - Hired **6 new employees** (FT/3PT)
 - Created new brand and \$20K in new equipment
- **Black Coral / Steel Tie Spirits** (*West Palm Beach*)
 - Raised \$2MM to build 2nd distillery using local contractors and family owned businesses
 - 7 new employees (4FT/3PT)
 - Increased production capacity 4X



WHAT DOES CBMTRA MEAN FOR CRAFT DISTILLERS?




Other Florida craft distiller stories

- **Wicked Dolphin Rum** (*Cape Coral*)
 - Added 2 new employees and increased salaries by 8%
 - Purchased 2 new blending tanks & saving to add a still
- **Manifest Distilling** (*Jacksonville*)
 - Hired 2 new employees and partial health benefits



GRASSROOTS ADVOCACY EFFORTS



- **Spirits United mobilized advocates to urge Congress to **#StopCraftTaxIncreases****
 - Successfully sent **66,701** communications to Congress
 -  *Generated 65,255 e-mails to lawmakers*
 -  *1,322 Tweets*
 -  *124 phone calls*
- **Industry United - DISCUS led two Days of Action**
 - Full beverage alcohol coalition utilized Phone2Action platform
 - Senator Marco Rubio (R-FL) co-sponsored the bill as a result

IMPACT OF CBMTRA – STORIES FROM CRAFT DISTILLERS

“We’ve hired four new bodies. We’re not increasing our personal payroll, we’re investing directly back into the business. We’re trying to do the right thing and give the consumer exactly what they want.”

– *Central Standard Distillery, Milwaukee, WI*

“If this bill is not passed, what will really happen is it will put a big halt on our hiring and our production; and making sure that we’re able to keep all the people on board that we’ve hired and make sure we can keep their livelihoods moving is priority #1 for us.”

– *Nelson’s Green Brier Distillery, Nashville, TN*

“We’ve switched from a foreign glass bottle maker to a U.S. producer.”

– *FEW Spirits, Evanston, Illinois*

**SPIRITS
UNITED**



IMPACT OF CBMTRA – STORIES FROM CRAFT DISTILLERS

"The Craft Beverage Modernization and Tax Reform Act (CBMTRA) has been one of the most significant pieces of federal legislation in my 30 plus year career in the Adult Beverage Industry. Principally, the Federal Excise Tax reduction has allowed our Company - Balcones Distilling LLC - to reinvest all of our excise tax savings back into additional personnel, production upgrades, as well as sales and marketing activities. Small businesses such as Balcones, face many competitive hurdles at the local, state and national level. These additional funds have given us the confidence and resources to compete with the ever changing market challenges a small business faces in today's business environment."

– Keith Bellinger, Balcones Distilling, Waco, TX

**SPIRITS
UNITED**



GRASSROOTS ADVOCACY EFFORTS

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GRASSROOTS ADVOCACY EFFORTS




9:30 7 p2a.co

- purchasing new equipment and hiring new employees
- This bill will give them the certainty they need to continue that growth.
- I respectfully urge you take action ASAP on this important issue and ask that you support the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/S.362).

You will be calling:

-  Sen. Marco Rubio
R-FL
-  Rep. John Rutherford
R-FL
-  Sen. Richard Scott
R-FL

 Call Me (904) 806-1440

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THANK YOU!
QUESTIONS?