HOW CONGRESS CAN SUPPORT THE DISTILLED SPIRITS INDUSTRY DURING THE COVID-19 CRISIS

DISTILLED SPIRITS COUNCIL OF THE UNITED STATES

Background

The distilled spirits industry is a critical component of the hospitality and tourism industries. In 2018, the distilled spirits industry proudly supported over 1.6 million jobs across the country and generated over $190 billion in economic activity.

Across the United States, distilleries are doing their part to prevent the spread of COVID-19 and ensure the health and safety of their workers and the public. Many are producing hand sanitizer and disinfectant sprays to help support first responders, healthcare workers, law enforcement personnel, and their communities.

Because of the necessary measures being undertaken, including the closures of restaurants, bars, tasting rooms, and stores in certain areas, many distilleries have had to lay off employees or reduce production. Absent relief, the U.S. distilled spirits industry faces an existential threat that not only threatens the livelihoods of distillers but also farmers, glass bottle makers, truck drivers, warehouse workers, and countless others connected to the hospitality and tourism industry.

How Congress can help

As negotiations on economic relief packages progress, we urge Congress to:

Provide Federal Excise Tax (FET) Relief.

- Defer federal excise taxes on domestic and imported spirits products and waive interest on late payments, effective from January 1, 2020, through December 31, 2020. We greatly appreciate the efforts by the Alcohol and Tobacco Tax and Trade Bureau to temporarily waive payments on FET owed on domestic product and urge the Department of Treasury to immediately provide further relief for both domestic and imported product. This action is crucial to allowing producers to dedicate scarce resources to payroll and other operating costs.
- Enact the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/ S. 362). This legislation to make the current FET rates permanent has broad bipartisan support with 73 Senate cosponsors and 342 House cosponsors. Many distilleries fear that a return to “normal” operations will be closely followed by a scheduled tax increase at the end of the year, creating further financial turmoil. Making this bill permanent is important to providing certainty to distillers as they plan for the rest of 2020 and beyond.

Seek the Suspension of Tariffs on Distilled Spirits.

- De-escalate the trade dispute with the European Union (EU) by urging the simultaneous removal of the tariffs on EU and U.S. distilled spirits products. Compared to 2018, the 25% tariff the EU has had in place on American Whiskey resulted in a 27% reduction in American whiskey exports in 2019. 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 from Ireland, Italy, Spain, Germany and the United Kingdom 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 during this period of tremendous economic uncertainty.

Create an Industry Stabilization Fund.

- Develop a government-wide grant program that would prioritize the hard-hit beverage alcohol industry. A new industry stabilization fund should provide cash advances to ensure distilleries have enough receivables to pay their employees and to borrow against as well as grants with minimal procedural delay.

Continue Robustly Funding No- and Low-Interest Loan Assistance.

- Commit significant new resources for the Small Business Administration (SBA) to ensure business continuity for distilleries. U.S. government-guaranteed no-and -low-interest loans remain critical for affected businesses, including distilleries.

How individuals can help

Want to help support your favorite distillery? Join us through **Spirits United** and make your voice heard to ensure that your favorite distillery is able to survive during this unprecedented crisis.