

October 20, 2020

UTAH CONGRESSIONAL DELEGATION

Dear Members of Congress:

On behalf of Utah distilleries, thank you for your continued efforts to assist hardworking Americans and businesses that have been deeply affected by the ongoing COVID-19 pandemic. As integral members of the hospitality industry, Utah distillers have been devastated by the COVID-19 pandemic. We now respectfully urge Congress to pass legislation critical to the recovery of distilleries as well as restaurants, bars, and other on-premise establishments and to continue to engage with the Administration on policies that affect our industry.

The distilled spirits industry in Utah was thriving prior to COVID-19, but sadly is now in crisis. In 2018, the distilled spirits industry supported more than \$431 million in economic activity and more than 3,000 jobs across the state as a critical partner to the state's hospitality, tourism, agriculture, and manufacturing industries. Today, because fewer Americans dine and drink outside of their homes, travel, or attend large events, distilleries across the state have lost sales at an enormous rate. We are extremely proud that more than 6 small, medium and large distilleries across Utah did their part to prevent the spread of COVID-19 by transitioning to produce hand sanitizer, but they will continue to need the help and support of Congress for months to come. Due to the impact of the pandemic, many distilleries in Utah have been forced to furlough or lay off employees, and some are facing the hard decision of whether to close their doors permanently.

For these reasons, we urgently call upon Congress to include the **Craft Beverage Modernization and Tax Reform Act (S. 362/H.R. 1175)**, which includes a critical tax cut for craft distillers, as part of the next legislative package before the expiration of the current rates at the end of the year. The bill's broad bipartisan support representing every corner of the country – 75 cosponsors in the Senate and 349 in the House – reflects this bill's importance to countless communities. If the current rates expire absent Congressional action, ***craft distillers in Utah will face a 400% increase in their federal excise taxes in January 2021***. Given the already challenging conditions, many craft distillers would be unable to sustain operations with this added tax burden and would have to close their doors permanently. The effect of this tax increase would also be felt by farmers, bottle and label makers, truck drivers, warehouse workers, and other partners throughout the supply chain, creating a ripple effect throughout the state.

We also urge Congress to pass the **RESTAURANTS Act (S. 4012/H.R. 7197)**, which would also provide critical relief for restaurants, bars, tasting rooms, and other on-premise channels that have been devastated by COVID-19. A recent Distilled Spirits Council of the United States and American Distilling Institute study revealed that craft distillers have seen 41% of their revenue disappear as tasting rooms have shuttered and restaurants and bars have struggled during the COVID-19 pandemic. This bill would provide grants to eligible establishments for payroll, benefits, mortgage, rent,

utilities, and other expenses and is a critical step forward for the recovery of the hospitality industry.

Finally, we ask Congress to urge the Administration to work with the European Union (EU) and United Kingdom (UK) to secure the simultaneous removal of tariffs on distilled spirits products – a move that would support jobs on both sides of the Atlantic. The EU tariffs have had a devastating impact on our American Whiskey exports, resulting in a 41 percent decline from \$757 million (July 2017 to June 2018) to \$449 million (August 2019 to July 2020). The EU may impose new tariffs on other U.S. spirits in the coming weeks if these trade disputes, which are unrelated to the spirits sector, are not resolved soon. During this period of tremendous economic uncertainty, it is more important than ever that Congress encourage the Administration to secure an urgent return to duty-free trade in spirits.

We appreciate your careful consideration about how Congress can help support our business and engage with the Administration on issues impacting our industry during this difficult time.

Sincerely,

JP Bernier, Founder and President, Hammer Springs Distillers, Salt Lake City, Utah

Marc Christensen, Founder, Dented Brick Distillery, South Salt Lake, Utah

Steve Conlin, CEO, Ogden's Own Distillery, Inc., Ogden, Utah

Ashley Cross, Founder, New World Distillery, Eden, Utah

Jensen Dobbs, Owner, Distillery 36, Salt Lake City, Utah

Matt Eau Claire, CEO/Founder/Owner, Clear Water Distilling, Pleasant Grove, Utah

Jesse Farrer, Co-Founder, Salt City Vodka, Salt Lake City, Utah

Jeremy Ford, Director of Operations, Salt Flats Spirits, Salt Lake City, Utah

James Fowler, Founder, Sugar House Distillery, Salt Lake City, Utah

Tyler Halstead, Outlaw Distillery, Sandy, Utah

Aaron Ilott, Co-Founder, Salt City Vodka, Salt Lake City, Utah

Ethan S. Miller, Head Distiller/Co-Owner, Holystone Distilling, Murray, Utah

Erik Ostling, Co-Founder, Beehive Distilling, South Salt Lake, Utah

Alan D. Scott, Co-Founder/COO, Waterpocket Distillery, West Valley City, Utah

Rob Sergent, Managing Director, Alpine Distilling, Park City, Utah