



April 20, 2020

The Honorable Mitch McConnell
Majority Leader, United States Senate
311 Russell Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232 U.S. Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Democratic Leader, United States Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader, United States House
H-204 U.S. Capitol
Washington, DC 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

Thank you for your tireless efforts to provide relief for American families, health care workers, and businesses. As you prepare additional relief packages that respond to the economic impact of the novel Coronavirus (COVID-19) crisis, we urge your support for craft distilleries, breweries, wineries, cideries, and their employees who contribute greatly to our nation's hospitality, restaurant, tourism, and retail industries. Prior to the onset of COVID-19, the beverage alcohol sector proudly supported over 5.4 million jobs across the country and generated over \$562 billion in economic activity in 2018.

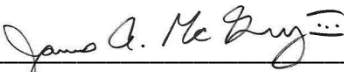
An overwhelming number of these producers around the country rely primarily on sales and events in tasting rooms and have been forced to suspend or significantly reduce operations in response to "stay at home" orders issued by state officials. Others are utilizing their facilities for the production of hand sanitizers to reduce the spread of the virus, stay afloat, and retain employees. Our industries have tried to sustain themselves temporarily through innovative measures such as curbside pickup and local delivery, but this is a short-term mitigation to what could develop into a serious monetary problem for small producers. The vast majority of these businesses operate on slim margins and cannot survive under a prolonged disruption to the economy. Absent additional relief, a large number of distilleries, breweries, wineries, and cideries may permanently close their doors as a result of COVID-19. These closures will not only impact the livelihoods of our employees, but also those of farmers providing raw ingredients, glass bottle makers, aluminum can manufacturers, distributors, truck drivers, warehouse workers, and countless others connected to the industry. Here are specific recommendations to help provide much needed support to our industry:


- Suspend all federal excise tax obligations on domestic and imported alcohol products, effective January 1, 2020, through December 31, 2020. We are grateful that the Alcohol and Tobacco Tax and Trade Bureau (TTB) has allowed deferred payment of federal excise taxes and filings for domestic products from March 1, 2020 through July 1, 2020, however more is needed to free up cash to keep businesses running. Suspending or deferring excise tax payments for the year will allow producers to dedicate scarce resources to payroll and other operating costs.

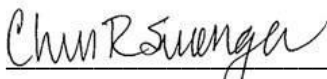
- Enact a permanent extension of the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/S. 362), which now has bipartisan support from 74 senators and 343 representatives and would provide certainty amidst economic instability and help ensure craft producers respond to economic duress and withstand this crisis. Many businesses struggling to remain solvent during the current crisis fear their future will be jeopardized when faced with significant increases in excise tax rates on January 1, 2021.
- Approve additional funding to support no- and low-interest loan and grant programs administered by the Department of the Treasury and Small Business Administration, including the Paycheck Protection Program and Economic Injury Disaster Loans. Distillers, brewers, vintners, and cider producers are deeply concerned about the availability of funding for these programs through their local lenders and the federal government. Additional funding is necessary to meet the needs of businesses who must modify or cease operations during this unprecedented crisis. Adjusting the cap on small business loans from 250% of monthly payroll costs to 400% of monthly operating costs would give businesses the necessary flexibility to pay debts. Extending coverage through December 2020 is critical as employers work to avoid furloughs and permanent layoffs.
- Authorize the Department of the Treasury to create a Workforce Stabilization Fund for the hospitality and travel sectors that will allow distilleries, breweries, wineries, and cideries to keep workers employed, maintain operations, and meet financial obligations. To ensure businesses maintain solvency, direct Treasury to create the program within 15 days of enactment and provide grants expeditiously.
- Create temporary tax incentives that encourage consumers to return to on-premise dining and drinking establishments when public health officials determine it's safe. Examples include reinstating the expanded business entertainment tax deduction and creating a new, temporary travel tax credit equal to 50% of any expense for meals, lodging, recreation, transportation, or entertainment while traveling away from home within the U.S.
- Encourage the Administration to work with our trading partners to simultaneously suspend tariffs on beer, wine, and distilled spirits products and our supply chain partners. Tariffs are taxes on our business operations, and the elimination or reduction of those tariffs would maintain the health of our businesses and global supply chains, support American jobs, and help American consumers.

We understand the unprecedented pressure to contain COVID-19 and mitigate its effects on American families and businesses. We hope you will remember the economic contributions distilleries, breweries, wineries, and cideries have made to local economies across the country and their inextricable link to other impacted sectors in hospitality, tourism, agriculture, and retail.

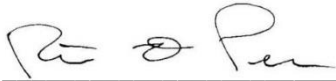
Sincerely,

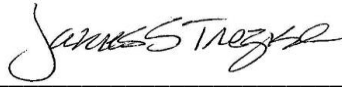

Jim McGreevy, President & CEO
Beer Institute



Robert P. "Bobby" Koch, President & CEO
Wine Institute



Chris Swonger, President & CEO
Distilled Spirits Council


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