



July 21, 2020

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
311 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Democratic Leader, U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

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

The Honorable Kevin McCarthy
Republican Leader, U.S. 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 in addressing the public health crisis and economic consequences created by the COVID-19 pandemic. Our collective membership is grateful for the relief legislation enacted to date, which has provided meaningful assistance for American families, employers, and employees across the country. As you consider additional legislation in the wake of another round of business interruptions, we respectfully request your support for craft distilleries, breweries, wineries, cideries, and their employees who contribute to our nation's economy. Our industry is at the nexus of the hospitality and tourism industries, and before the onset of COVID-19, we proudly supported more than 5.4 million jobs across the country and generated more than \$562 billion in economic activity in 2018.

"Stay at home" sanctions and social distancing policies have had a significant impact on our industry as fewer Americans dine and drink outside of their homes, travel, or attend large events and gatherings. The majority of our members are small producers with limited distribution who rely predominantly on sales from visitors and events in tasting and taprooms. These small businesses operate on slim margins, and during the pandemic, they have worked to find alternative routes to market through purchase and pick up, direct-to-consumer delivery, or the development of new products such as hand sanitizers. Absent additional economic relief in the wake of a second wave of business closures, many craft producers struggling to reopen and bring employees back to work will close permanently. These closures will impact the livelihoods of employees and business partners alike who provide valuable resources, such as farmers who source raw ingredients, glass, plastic and aluminum bottle and can manufacturers, equipment suppliers, distributors, truck drivers, warehouse workers, and countless others who provide valuable materials and services to the beverage alcohol industry.

Please consider the following recommendations in support of craft beverage producers as you work to develop further economic aid for small businesses around the country:

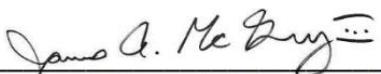
- ***Enact a permanent extension of the Craft Beverage Modernization and Tax Reform Act (H.R. 1175/S. 362)***, which now has bipartisan support from 74 senators and 347 representatives. A permanent extension of the current federal excise tax rates would provide certainty amidst economic instability. Many craft beverage producers struggling to remain solvent during the current crisis fear what a significant increase in excise tax rates on January 1, 2021, will have on their businesses. Taking action this summer would enable these businesses to reshape business plans, preserve their workforce, and purchase grains and other raw ingredients, equipment, and services required to remain open.
- ***Support the RESTAURANTS Act, which creates a revitalization fund for eligible food service establishments to keep workers employed, maintain operations, and meet financial obligations***. The legislation authorizes the Department of Treasury to provide grants to eligible food and drinking establishments for payroll, benefits, mortgage, rent, utilities, maintenance (including construction of outdoor seating), supplies (including protective equipment and cleaning materials), food, debt obligations to suppliers, and any other expenses deemed essential by the Secretary of the Treasury.
- ***Replenish funding, reopen applications, and offer expanded flexibility for the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program (EIDL) administered by the Department of Treasury and Small Business Administration***. Distillers, brewers, vintners, and cider producers strongly support the continuation of these programs that have provided an economic lifeline during this challenging time. We urge Congress to fund and approve another round of PPP and EIDL loans that would allow past borrowers to apply for a second loan. We further support added flexibility to ensure that all PPP loans spent consistent with Congressional intent are forgiven and can cover additional reopening costs to support employee and customer health and safety. Congress should give businesses the ability to use these funds to procure personal protection equipment (PPE) and COVID-19 testing as well as make PPP loans tax-deductible to eliminate additional tax liability for businesses striving to survive under current conditions.
- ***Create temporary tax incentives that encourage consumers to return to on-premise dining and drinking establishments once public health officials determine it is safe to do so***. 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, distilled spirits products, and our supply chain partners and reduce trade barriers on the agriculture and food sector***. 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.
- ***Defer all federal excise tax obligations on domestic and imported alcohol products through December 31, 2020***. We are grateful that the Alcohol and

Tobacco Tax and Trade Bureau (TTB) allowed deferred payment of federal excise taxes and filings for domestic products from March 1, 2020, through July 1, 2020. Many businesses need an extension through the end of the year so they can dedicate scarce resources to payroll, benefits, and other operating costs during this difficult time.

We believe these proposals will provide critical resources needed to stay afloat during this challenging time in our country.

Thank you for your leadership. We look forward to working with you in the days ahead.

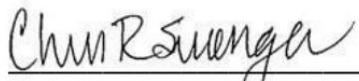
Sincerely,



Jim McGreevy, President & CEO
Beer Institute



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



Chris Swonger, President & CEO
Distilled Spirits Council



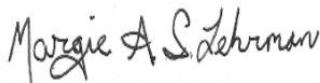
Michelle McGrath, Executive Director
American Cider Association



Robert D. Pease, President & CEO
Brewers Association



Jim Trezise, President
WineAmerica



Margie A.S. Lehrman, Chief Executive Officer
American Craft Spirits Association



Sergio Moutela, President
American Mead Makers Association