

## CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT

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The Craft Beverage Modernization and Tax Reform Act helps to ensure the continued growth of America's craft beverage industry by reducing excise taxes, compliance burdens, and regulations for brewers, cider makers, vintners, and distillers. Each beverage class faces unique challenges, and this legislation takes a tailored approach to promote job creation in each sector. Importantly, this comprehensive bill is supported by the entire craft beverage industry.

In 2014, the brewing industry alone had a national economic impact that stood at more than \$253 billion, directly and indirectly employing about 1.75 million Americans. Wine contributed more than \$162 billion and 1.1 million jobs, and spirits contributed more than \$120 billion, employing 1.3 million workers.

This legislation helps support the 5,300 breweries, 8,000 wineries, and 800 distilleries across the country by doing the following:

Reduce burdens for brewers:

- Reduce excise taxes for brewers to provide more cash flow to reinvest in growing their businesses.
- Simplify rules for ingredient approval, remove barriers to brewery collaboration, and streamline outdated inventory rules.

Reduce burdens for vintners:

- Expand wine producer tax credit to increase benefit, cover more wineries, and promote regional growth.
- Expand tolerances on carbonation and alcohol content for certain wines for tax purposes.

Reduce burdens for distillers:

- Establish reduced excise taxes for craft distilleries to help small businesses get off the ground.
- Relax restrictions on tax-free transfers of spirits between distillers.

Reduce compliance and tax burdens for all producers, and improve excise tax administration:

- Exempt beverage producers from complex capitalization rules for aged products and level the playing field between U.S. businesses and their international competitors.
- Continue TTB funding increases to streamline critical programs for brewers, cider makers, vintners, distillers, and distributors.