

Congress of the United States
Washington, DC 20515

January 28, 2019

Mr. John Manfreda
Administrator
Alcohol and Tobacco Tax and Trade Bureau
1310 G Street NW
Washington, DC, 20005

Administrator Manfreda,

We write today to express our concern about the lasting impacts of the partial government shutdown on Oregon's craft brewers, vintners, cider makers, and distillers.

As you know, federal regulations require craft beverage producers to obtain approval from the Alcohol and Tobacco Tax and Trade Bureau (TTB) for bottle and keg labels, product formulas, and operating permits. The recent refusal to open the government for 35 days not only halted TTB's processing of these applications for more than a month, but also resulted in a backlog of applications. This regulatory paralysis disproportionately disadvantages small, craft brewers, vintners, cider makers, and distillers, who depend on new product releases for their businesses' survival. In addition to the almost certain loss of money and inventory, coupled with cash flow disruptions, the craft beverage producers in our state have expressed concern over longer-lasting impacts. These include losing out on critical space on store shelves and in taprooms, and the potential inability to fulfill contracts, which may hurt their businesses for years to come.

As the Ranking Member of the Senate Finance Committee, and a senior member of the Ways and Means Committee—both of which have oversight responsibility of TTB—we have worked to streamline and accelerate TTB approval processes in recent years. This includes working with industry stakeholders and your agency to expand the list of beer ingredients and processes exempt from formula requirements, and working to secure an additional \$5 million appropriation to accelerate the processing of formula and label approvals.

Prior to these changes, many businesses were required to wait nearly three months, on average, from the time they filed for a formula approval to being able to bottle and distribute a new product. As a result of increased TTB resources and streamlined rules, prior to the shutdown the vast majority of formula and label applications were approved in less than ten days, with processing times for labels dropping to as little as two days.

Modernizing TTB's regulatory infrastructure has transformed the craft beverage industry, and has helped to fuel the continued growth of the sector. Rather than rotating beers seasonally, many brewers today release new beers weekly or monthly; and retailers and consumers have come to expect regular releases of new products. If craft beverage producers are unable to meet consumers' expectations or fulfill contracts because of the TTB shutdown backlog, the consequences to these businesses may be disastrous.

Accordingly, we urge you in the strongest terms to dedicate all available TTB resources to approving backlogged TTB applications as soon as possible. In addition, we request you to take the following

actions to minimize the disruption to craft beverage businesses:

1. Redirect additional staff to process the backlogged label, formula, and permit applications;
2. Authorize additional overtime until TTB is able to again meet its ten-day service standard for formula and label approvals;
3. Immediately resolve issues with any applications that may have expired or been automatically rejected by automated formula and label submission systems during the shutdown;
4. Clear any import or export issues that occurred during the shutdown;
5. Notify the Senate Finance Committee and House Ways and Means Committee by February 4, 2019 of any additional resources or statutory changes needed to resolve the TTB approval backlog as soon as possible;
6. Inform Congress and industry stakeholders as soon as possible about the scope of the TTB approval backlog and include the best possible estimates on when businesses can expect to be able to resume normal business operations;
7. Inform Congress and industry stakeholders of any TTB guidance on enforcement discretion related to use of unapproved labels and formulas during the shutdown as soon as possible; and
8. Establish a point of contact for Congressional casework to ensure members of Congress and their constituents will be able to quickly resolve any outstanding issues that have arisen during the shutdown.

Thank you for your attention to this urgent matter. If you have additional questions, please contact our offices.

Sincerely,



Ron Wyden
Ranking Member,
Committee on Finance



Earl Blumenauer
Member of Congress

CC: The Honorable Steven Mnuchin