

CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT OF 2015

The Craft Beverage Modernization and Tax Reform Act (S.1562) would help to ensure the continued growth of America's craft beverage industries 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 industry. This legislation is supported by the Brewer's Association, the Beer Institute, the Oregon Winegrower's Association, the U.S. Association of Cider Makers, the American Craft Spirits Association, and others. Specifically, the bill would do the following:

Reduce burdens for brewers:

- Reduce excise taxes for brewers to provide more cash flow to reinvest in growing their businesses.
- Simplify beer formulation and label approvals by exempting common beer ingredients from lengthy TTB approval process.
- Increase collaboration between brewers by removing restrictions on tax-free transfers of beer and repealing unnecessary inventory restrictions.

Reduce burdens for cider makers:

- Conform tax treatment of cider to industry standards by relaxing restrictions on alcohol content, carbonation content, and expand list of allowable ingredients.

Reduce burdens for vintners:

- Expand wine producer tax credit to increase benefit, cover more wineries, and promote regional growth.
- Establish limited tolerances on 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.
- Repeal prohibition for home hobby distilling, while maintaining certain safeguards.

Reduce compliance and tax burdens for all producers:

- Exempt approximately 90 percent of producers from bi-weekly filing and burdensome bonding requirements.
- Exempt beverage producers from complex capitalization rules for aged products and level the playing field between U.S. businesses and their international competitors.

Improve excise tax enforcement and administration:

- Expand TTB program integrity funding to crack down on tax cheats, while providing additional funding for TTB regulatory functions and label approvals.
- Expand current TTB information sharing to all excise taxes administered by CBP.