



WASHINGTON UPDATE

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Federal Excise Rollback Legislation:

While the brewing industry remains one of the few job creators in the manufacturing sector at this critical point in our country's history, it also continues to be one of the most highly taxed U.S. industries. As the new 110th Congress began its work in January, BI staff met with new potential lead sponsors for the Rollback legislation. Congressmen Earl Pomeroy and Phil English have introduced H.R. 1610 in the House and have already signed on 114 cosponsors. Colorado Senator Ken Salazar introduced the rollback legislation in the Senate on August 3rd. The Senator is currently working with Beer Institute staff to recruit cosponsors. The legislation currently has Senators Saxby Chambliss (R-GA), Johnny Isakson (R-GA), Richard Burr (R-NC) and John Tester (D-MT) signed on as original cosponsors. The BI is committed to maintaining the momentum we have built over the last few years and will continue to focus its efforts on reducing this highly regressive tax. Given the potential for significant additional federal spending in the next session of Congress, the rollback legislation also serves as a defensive measure against future excise tax increases.

Educating Congress on TTB Labeling Issues

On July 31st, the U.S. Treasury's Tax & Trade Bureau (TTB) published "Notice 73," proposing changes in alcohol labeling regulations including the use of new "serving facts" panels on labels and standard "reference serving sizes" for various beverages based on their alcohol content. The Beer Institute and its members are working on a detailed industry response to a number of policy questions that TTB has raised for public input. At the same time, we are lining up members of the House and Senate, who are interested in consumer protection measures and alcohol policy. In 2005, the Beer Institute staff, company representatives, wholesaler allies, and other knowledgeable industry representatives mounted an aggressive campaign on Capital Hill to encourage Members of Congress to support the brewing industry's positions on labeling and advertising issues. Congressmen Mike Rogers (MI) and Lacy Clay (MO) garnered one hundred signatures in the House of Representatives and fifteen signatures in the Senate on joint letters addressed to TTB Administrator John Manfreda urging straightforward disclosure of nutritional information and alcohol content on alcohol beverage labels and opposing the use of graphics long utilized by liquor industry members to claim that all alcohol beverages are basically the same.

TTB agreed with our position that the so-called equalization graphic has the potential to mislead consumers. Agency officials also addressed labeling of alcohol content and basic nutrients more specifically by proposing a mandatory “serving facts” panel on labels and a requirement that alcohol content be stated on all labels or containers in alcohol by volume. We are reviewing the details and will be formulating a position over the next several weeks.

<http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-14774.pdf>

Senate Postpones Tobacco Regulation Bill Until Fall

After approval by the Senate Health, Education, Labor and Pensions Committee, the full Senate will likely not consider a tobacco regulation bill until the fall. The bill (S. 625), introduced by HELP Committee Chairman Ted Kennedy, D-Mass., would give the Food and Drug Administration authority to regulate tobacco products, including its advertising. A required interim rule would mandate severe advertising restrictions. The House version of the bill (H.R. 1108), introduced by Rep. Henry Waxman, D-Calif., is not expected to be considered by the House Energy and Commerce Committee until September. In the past, similar legislation has attracted amendments affecting alcohol beverages and other regulated products. Some of these proposals have been based on an incorrect assumption that alcohol beverages are not already subject to food safety laws. BI staff has already alerted members of Congress and their staffs that the Food and Drug Administration as well as the Alcohol and Tobacco Tax and Trade Bureau have a longstanding formal memorandum of understanding that outlines the responsibilities of each agency in regulating alcohol beverages.

Farm Bill in the 110th Congress:

The Farm Security and Rural Investment Act of 2002 (P.L. 107-171), the most recent omnibus farm bill, has many provisions set to expire October 1, 2007, so reauthorization has begun in the first session of the 110th Congress. The heart and most contentious element of every farm bill is farm income and commodity price support policy – namely, the methods and level of support the federal government provides. The levels of federal support are particularly important to rice, corn, and barley producers. Questions of equity (who should get what and how much), program cost, conformance with World Trade Organization (WTO) trade obligations, and the effects on U.S. competitiveness in the global marketplace are among the considerations. The Beer Institute sent a letter to all Members of the House and Senate Agriculture Committees urging them to provide for increased and equitable barley loan rates, target prices, and direct payments over the five-year period covered in the pending farm bill reauthorization. If enacted, this will help provide an adequate barley supply which is critical to the continued strength and success of American farmers, suppliers, and brewers.

Joint Legislative Reception with the National Barley Growers Association

The Beer Institute utilizes individual meetings and informal events to maintain regular communications with key policymakers and legislative staff on Capitol Hill. Since the beginning of the 110th Congress, the Beer Institute has met with staffers representing a majority of the Congressional leadership offices and a majority of the 51 freshman class offices. The focus of the Institute's efforts have been to educate legislators and their staff on the responsibility initiatives of Beer Institute members, express support for the three-tier system and the Beer Tax Rollback legislation.

This summer, the Beer Institute partnered with the members of the National Barley Growers Association in outreach efforts to Congress. Following several days of meetings on the Farm Bill, BI and the Barley Growers hosted over 200 Congressional staffers at a reception highlighting barley and the brewing industry. The event provided an excellent opportunity for industry representatives to meet with their federal legislators in an informal setting to discuss the most pressing issues affecting the agricultural sector of the brewing industry



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