



BI Update

September 2008

Joint Legislative Reception with the National Barley Growers Association, American Malting Barley Association, Inc. and John I. Haas, Inc. –

This Fall, the Beer Institute partnered with the members of the National Barley Growers Association, American Malting Barley Association, Inc. and John I. Haas, Inc. in an outreach effort to Congress. During one of the busiest weeks in recent memory on Capitol Hill, the BI hosted over 1000 Congressional staffers and 20 plus Members of Congress at a reception highlighting hops, 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.



(Congressional Staffers)



(Fall Kick-Off Reception Guests)

Federal Excise Rollback Legislation – While the brewing industry remains one of the few stable sources of employment 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 second session of the 110th Congress comes to an end, BI staff succeeded in its aggressive effort to achieve support from a majority of House Members to cosponsor the Rollback legislation. Congressmen Earl Pomeroy and Phil English introduced H.R. 1610 in the House and signed on 239 cosponsors, 22 Members over our goal! Colorado Senator Ken Salazar introduced the rollback legislation in the Senate. The Senate bill will end the year with 14 cosponsors. The BI is committed to keeping the momentum we have built over the last few years strong and will continue to focus its efforts on reducing this highly regressive tax. Given the potential for significant additional federal spending, the rollback legislation also reflects strong Congressional sentiment that excise taxes are too high.



Recently In Congress – On September 19, 2008, the Treasury Department requested that Congress grant broad new authority to calm U.S. financial markets and purchase illiquid mortgage-related assets from various financial institutions. To accomplish that goal, the details of an extraordinary piece of legislation were negotiated between the White House and Congressional leaders over a ten day period. The proposal authorized a \$1.3 trillion increase in the national debt to purchase much of the questionable debt that had damaged several major financial services companies and all but frozen international credit markets. The bill also authorized significant new federal regulatory powers.

However, in a narrow vote on September 29, the House of Representatives rejected this bill, the most sweeping government intervention into the nation's financial markets since the Great Depression, refusing to grant the Treasury Department the power to purchase up to \$700 billion in the troubled assets and to address other issues that are at the heart of the U.S. financial crisis.

After the 228-205 defeat in the House the Senate picked up the pieces on October 1st and overwhelmingly passed the multibillion-dollar rescue fund for at-risk financial institutions, placing additional pressure on the House to clear the measure amid signs that opposition appears to be cracking in the lower chamber.

The 74-25 vote came as some House members who opposed the package Monday said they were reconsidering after the Senate bill was reworked to include sweeteners such as a tax-extender package, a patch for the alternative minimum tax, disaster aid and an increase in FDIC coverage amounts from \$100,000 to \$250,000 for one year, along with an unlimited credit line for the agency from the Treasury. Floor action in the House is tentatively scheduled for Friday October 3rd.

Congress has been trying to adjourn so that its members can go out and campaign. And with only five weeks left until Election Day, there is no clear indication whether Congress will have to come back for a lame duck session if the rescue package does not have the desired calming effect on the markets.

