FACT Sheet

Craft Beverage Modernization and Tax Reform Act of 2015

S. 1562

Introduced by Senators Ron Wyden (D-OR) and Roy Blunt (R-MO) the beer provisions of the Craft Beverage Modernization and Tax Reform Act of 2015 create a fair, equitable and comprehensive tax structure for brewers and beer importers. The legislation serves all beer drinkers, no matter what brand they choose. Beer tax reform must be comprehensive or it will create new barriers to growth by altering the industry structure.

The federal excise tax on beer is a major contributor to the tax burden on beer itself. It is estimated that more than 40 percent of the retail price of beer goes toward taxes. Research shows that the tax burden borne by beer drinkers is more than 68 percent higher than for the average purchase made in the U.S.

This bill reforms the federal excise tax on beer by:

- Reducing the federal excise tax to $3.50 per barrel on the first 60,000 barrels for domestic brewers producing fewer than 2 million barrels annually.
- Reducing the federal excise tax to $16 per barrel on the first 6 million barrels for all other brewers and all beer importers.
- Keeping the excise tax at the current $18 per barrel rate for barrelage over 6 million.

Additional, non-tax provisions in the bill simplify regulation on beer by:

- Allowing for consolidated bookkeeping for brew pubs.
- Expanding the list of ingredients that could be automatically included in a beer without approval from the Alcohol and Tobacco Tax and Trade Bureau (TTB).
- Allowing small, unaffiliated brewers to greater collaborate on new beers by giving them the flexibility to transfer beer between breweries without tax liability.

The Craft Beverage Modernization and Tax Reform Act also includes provisions related to wine, spirits and cider. Many brewers and beer importers are offering cider brands to consumers. The legislation contains the CIDER Act authored by Senator Chuck Schumer (D-NY) and passed by the Senate Finance Committee. Some provisions include the addition of pears as an ingredient in cider, and providing a lower tax rate for cider between 7-8.5 percent alcohol by volume (ABV).

The Craft Beverage Modernization and Tax Reform Act enables members of Congress to support brewpubs, microbrewers, national craft brewers, major brewers and beer importers, without picking winners and losers among a U.S. manufacturing industry that is important to our national economy.

TO CO-SPONSOR THE CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT, PLEASE CONTACT CHRIS ARNESON IN SENATOR RON WYDEN’S OFFICE AT 202-224-4515 OR TRACY HENKE IN SENATOR ROY BLUNT’S OFFICE AT 202-224-5721.

**BEER’S TAX BURDEN INCLUDES:**

- Taxes paid at all stages of production, distribution and sales;
- Taxes related to sales, income, profits and payroll; and
- Taxes paid to federal, state and local governments.

**BEER’S ECONOMIC FOOTPRINT:**

- The combined economic impact of brewers, distributors, retailers and supply-chain partners totaled more than $250 billion dollars in 2014.
- The beer industry is an economic powerhouse – directly and indirectly employing more than 1.75 million Americans, from farmers to factory workers.
- Every job in the brewing or beer importing industry supports another 34 jobs in industries such as agriculture, marketing, manufacturing, transportation, warehousing, financial services, grocery, restaurant and retail.
- The tax burden on the industry is already steep. In 2014, the beer industry contributed more than $48.5 billion in federal, state and local taxes.


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