

The Monthly Mash

Volume 1.1

Member Owned, Industry Driven



ACSA Mission:
To elevate and advocate for the community of craft spirits producers.

Welcome to the inaugural issue of the **Monthly Mash**! Members are asking us for more consistent and engaging communication, so we are launching a monthly newsletter to keep you up to date with the American Craft Spirits Association and the craft spirits community at large.

In this month's issue: Hear from our Executive Director, register for ACSA's annual convention in Nashville, find updates about our work on Capitol Hill, and submit your spirits for the annual ACSA Spirits Competition!

From the Desk of Margie A.S. Lehrman, Executive Director

ACSA began in 2013, when there were just 600 craft spirits distilleries operating here in the U.S. Now, almost four years later, our industry has more than doubled, with more than 1,300 producers. Wow, right? As ACSA tries to keep pace with this industry growth, we want to help you do the same.

Our new addition is this newsletter: **THE MONTHLY**

MASH. Expect to receive it in your inbox with news and featured highlights. We'll try to blend a mix of association events, spirits related compliance matters, snippets from your ACSA Board of Directors, updates from committees and Capitol Hill, and short surveys. We'll welcome select new members, recognize sponsors, and let you know what's up ahead.

For instance, did you wonder which state has the most craft distillers, what percentage of craft producers are exporting, or what wholesalers and retailers think about this growth? Will it continue? These are only a few of the questions answered in the newly released **Craft Spirits Data Project** (© 2016 Park Street, ACSA, the IWSR).

Also featured in this inaugural issue is a "Getting to Know You" section with your officers **Paul Hletko**, President, Few Spirits, IL; **Dan Garrison**, Vice-President, Garrison Brothers Distillery, TX; and **Steve Johnson**, Secretary Treasurer, Vermont Spirits Distilling Co., VT.

Of course, we need to let you know about our hallmark annual events: our Spirits Judging taking place in January ([register NOW](#)) and our Annual Convention and Vendor Trade Show February 16-17th in Nashville. *Did you know Ken Grossman from Sierra Nevada is our keynote speaker?* [Register here.](#)

YES – we've been busy on Capitol Hill, too. We continue to work with our industry partners to pass the Craft Beverage Modernization and Tax Reform Act which would reduce the Federal Excise Tax from \$13.50 to \$2.50 per proof gallon removed from bond. Last month we joined with our industry partners (The Wine Institute, Wine America, Brewers Association, Beer Institute, and the Distilled Spirits Council) to meet with key House of Representative offices. We won't give up and will continue this fight.

ACSA committees are alive and well. Here's a peek at what's been happening with the ethics committee.

Finally, let us hear from you. If there's a feature you'd like to see, let us know. If there is a member benefit you're craving, let us know that, too. **We are the only registered national trade group run by and for craft distillers.** Collectively, we can someday achieve our vision : **The greatest spirits are universally recognized as coming from our member producers, and they are enjoyed responsibly everywhere in the world.**

Cheers,

Margie



ACSA Releases Historic Craft Spirits Data Project

The American Craft Spirits Association teamed up with Park Street and IWSR to conduct a complete and thorough study of craft distilleries in the United States. Ultimately, we found more than **1,300** active craft spirits producers nationwide and several key economic trends. Read the full [report](#).





Register for the Annual ACSA Convention

Highlights for the 2017 ACSA Distillers Convention and Trade Show in **Nashville** include a **pre-convention Master Class with Wine and Spirit Education Trust**; the opportunity to Meet, Greet, and Eat with **Sierra Nevada Brewery founder Ken Grossman**; and next-level education to **move DSPs forward**. Join us in **Music City** for the largest gathering of craft spirits producers in the U.S.!

[Register here!](#)

ACSA's 2017 Spirits Competition

Once again, the American Craft Spirits Association is proud to announce its annual Judging of Craft Spirits Event. This judging event is special, not just because of the talented judges involved, or the amount of effort and care that goes into the scoring and product notes you receive. This event stands out because it's the **only** craft judging competition assembled, organized, and overseen by **you**, the distilling community. And we know you demand integrity, transparency, and attention to detail, and that's what you get.

Deadline is January 9, 2017!

[SUBMIT YOUR SPIRITS NOW!](#)



What's Happening on Capitol Hill?



The American Craft Spirits Association is working hard to reduce the FET for craft distillers from its present \$13.50 to \$2.70 for those producing under 100,000 proof gallons. This would provide our industry parity with craft brewers and small vintners. The Senate bill, S.1562, now has **51 co-**

sponsors and the House Bill, H.R.2903, has nearly **300 co-sponsors**. In recent weeks, ACSA has met with the leadership in the U.S. House of Representatives and the staff for the Chairman of the Ways and Means Committee to discuss its prospects before the end of 2016. The Congress will return to Washington after the elections.

Because of the uncertainty with the elections, it is hard to predict what will happen in the “lame duck” session when Congress comes back to town. **ACSA’s goal, before the end of 2016, is to have the Congress consider a tax bill, called “extenders.”** We hope that Congress will want to finish this in 2016 rather than hold over these issues in 2017 under a new President. It will extend a number of expiring tax breaks. If there is a tax bill, ACSA feels good that our tax issue will be addressed, thanks to the work of **Senator Wyden (D-OR)**, **Senator Blunt (R-MO)**, and **Majority Leader Mitch McConnell (R-KY)**. One leadership aide put it at fifty-fifty chance there will be a tax bill. After tomorrow, November 8th, we will be working with distillers across the country to make an **all-out effort** in 2016 to pass an FET reduction. We also want to thank the many distillers who have hosted members of Congress during the most recent recess.

Welcome Newest Members!

ACSA extends a warm welcome to a few of our newest members:

- [Brandywine Branch Distillers \(PA\)](#)
- [Silver Bear Distillery \(MA\)](#)
- [Twisted Path Distillery \(WI\)](#)
- [Sonas Marketing](#)

Find out more about becoming a member [here](#).

A Q&A with Your ACSA Board

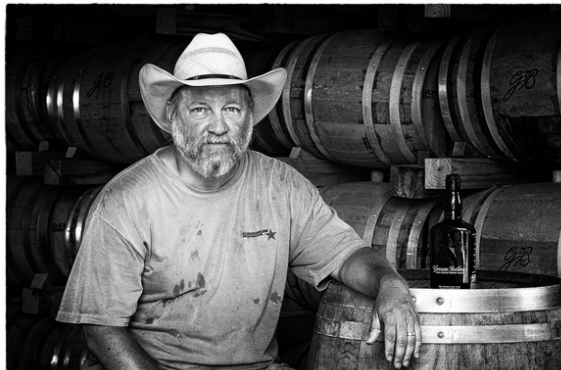


We asked our President, Vice President and Treasurer/Secretary a few questions about their positions at ACSA and their histories with distilling. **Paul Hletko**, **Dan Garrison**, and **Steve Johnson** bring a lot of experience and passion to the association and each loves to talk about the power of spirits.

Can you elaborate on your position and perhaps what you're working on?

PH: "As the President of the ACSA I am working to set the Association up for long term success in both elevating and educating distillers. It is an honor to have the responsibility--and an exciting time in our industry."

DG: "I was elected vice president of ACSA by members of the board. I also serve on the ethics committee and the membership committee and also try to help out with legislative issues. I also am currently attempting to recruit new members



from Texas. I am hoping to help establish a broader code of ethics for our membership that has some teeth for violations. I will be working with our legislative affairs committee to impact the overhaul of 27 CFR part 5 and will be seeking guidance from our members as we move forward. I am also lobbying Texas politicians for a reduction of the Federal Excise Tax."

SJ: "As Treasurer/Secretary, my priority has been to establish and maintain an accurate budgeting process with sound controls, which will sustain the organization as it continues to grow. This process and the resulting information is important for the Board of Directors to make informed decisions and to help in the direction they provide to Margie A.S. Lehrman, our Executive Director, and Teresa Daniels, our Finance Manager."

What should members definitely know about you and what is your vision for ACSA?

PH: "I am a passionate advocate for the art and the business of distilling. Our members are among the most talented artists in the world!"

DG: "If you've been selling distilled spirits for a while, it's probably no big secret to you that 'the tail is wagging the dog' in this industry. I don't think most small distillers recognize it yet but the American Craft Spirits Association is a critically important warrior in the fast growing liquor industry."

When the Volstead Act was repealed and Prohibition ceased in America, regulation of liquor distribution was relegated by the federal government to individual states. In itself, that was probably a good thing. At the time, there weren't any legal spirits producers left in America; they had all been bankrupted by Prohibition. As a result, when the states began drafting their rules governing the production, sale and distribution of alcohol, there were no spirits producers at the bargaining table.

Unfortunately, in Texas and in much of the rest of the country, this meant that the rules were written by alcohol distributors and retailers. Still today, almost every rule in the Code of Federal Regulations and the Texas Alcoholic Beverage Code affecting the marketing of alcoholic beverages is written in such a way that it protects and benefits the distributors and the retailers at the expense of the producer. Some Texas distilled spirits producers, and there aren't very many, have figured out how to work within the system to succeed even though they will tell you privately that they know the system is unfair. Even today, there are a number of aspects of the code that would be considered racketeering, extortion, corruption, bribery, and restraint of trade in any other industry.

I believe that ACSA is the entity that must change the federal code to level the playing field. If we are strong, we are the entity that can impact the rules for the betterment of our producers throughout the US.

SJ: "I am fortunate to have the opportunity to work with so many talented individuals, both on the ACSA Board and also with the general members, all of whom are a dynamic group of entrepreneurs contributing to our industry."



Can you explain your history with distilling and where you began your career?

DG: "In 2001, I hit my mid-life crisis. It was rock-bottom. I lost my job and most of my savings when the company I was working for went belly-up thanks to Enron. So I went to the Kentucky Bourbon Trail for a week. Came back and built the first whiskey distillery in Texas history and the first in America to make straight bourbon from scratch outside of Kentucky and Tennessee. Now we make the highest quality, finest tasting bourbon whiskey in the world. And I can prove it."

SJ: "I have been active in the industry for about ten years; my family in Hungary distilled on a small scale and I like this connection to my cousins. Joining the ACSA was an easy decision. The members are great people to work with and they are all working together to advance our rapidly evolving industry."

What initially drew you to ACSA and why would you suggest becoming a member?

PH: "I was drawn to the ACSA and became a founding member in order to be a part of the business and to give back. As the only nonprofit trade association for small distillers, and the only trade association run by distillers, the ACSA is the leading light of the art and craft."

DG: "I knew from the get-go that a for-profit enterprise would not be taken seriously in Washington or by the industry. We needed a not-for-profit advocacy organization. That's what we have with ACSA today. I believe in the leadership of the organization. Today, we are in our infancy but in ten years this organization will be calling the shots in the liquor industry."

ACSA Ethics Committee Update

By Tom Jensen, Chair

Last year the Ethics Committee focused on creating a code by which the ACSA members would conduct themselves. Our current ethics code is: ' We operate in an honest, transparent and non-deceptive fashion. We inform consumers truthfully and accurately about the sources and methods used to make our spirits through our labels, materials and communications. We expect fair dealings and respect amongst members. We obey all federal, state and local laws.' We are now building on this ethics statement to create actual guidelines for our members in key policy areas that effect our industry.

Our goal is to have a solid foundation for our ethics policy on issues that are important to our industry such as **responsible marketing** and **social media usage**. We also are looking at an effective reporting mechanism to allow members or the public to identify member distilleries that may not be in compliance with our Code of Ethics. The Ethics Committee has conducted a best practices review of the marketing guidelines and compliance programs of several other industry trade groups. Specifically, we have reviewed marketing and advertising codes, digital marketing communications guidelines, and compliance protocols.

The ethics committee goal is to create guidelines that specifically meet the needs of our members and demonstrate cooperation and consistency with the industry as a whole.

Did You Know?

- "TTB Approves General-Use Formulas for Certain Distilled Spirits Produced Using Harmless Coloring, Flavoring, or Blending Materials" Find out more [here](#).
- The TTB has issued more than 2,075 DSP permits, find them all [here](#).
- The ACSA contributed an article to the current issue of *Artisan Spirit* magazine. Read our article [here](#) (p. 21).
- "Starting January 1, 2017, if you are a TTB-permitted entity owing less than \$50,000 in excise taxes in the previous year and expect to owe less than \$50,000 in the current year on beer, distilled spirits, or wine, you will no longer be required to hold a bond." Find all of the information [here](#).

Poll

Are you planning on attending the ACSA Convention in Nashville (February 16 & 17, 2017)

Yes

Select

No

Select

Maybe

Select



Social Media

Do you have a new spirit release, an upcoming event, or some news to drop?

Follow our social media channels and [Tweet at us \(@craftspiritsus\)](#) or post to our [Facebook Page](#) and we'll be sure to share it! Make sure to use the hashtags #ACSA and #CraftSpirits!

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