



The Honorable Rosa DeLauro
Chairwoman
Committee on Appropriations
H-307 The Capitol
Washington, DC 20515

The Honorable Patrick Leahy
Chairman
Committee on Appropriations
Room S-128 The Capitol
Washington, DC 20510

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
1036 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Shelby
Vice Chairman
Committee on Appropriations
304 Russell Senate Office Building
Washington, DC 20510

June 3, 2022

Dear Chairwoman DeLauro, Chairman Leahy, Ranking Member Granger, and Vice Chairman Shelby:

We respectfully write to urge Congress to fully fund the Alcohol and Tobacco Tax and Trade Bureau (TTB) within the Fiscal Year (FY) 2023 Financial Services and General Government Appropriations Bill at the Administration's requested funding level of \$150,863,000. This requested increase in funding is essential to help TTB prepare to take over certain responsibilities from U.S. Customs and Border Protection (CBP) related to imported beverage alcohol products by January 1, 2023, as Congress required by the enactment of the Craft Beverage Modernization and Tax Reform Act in December 2020, while continuing to provide the beverage alcohol industry the level of service and personnel needed for TTB to conduct its responsibilities as the nation's primary federal alcohol regulator.

In preparation for the transition of these responsibilities to TTB, the President's FY2023 Budget Request for TTB recommends \$14,929,000 and 40 full-time equivalent employees. As the TTB FY2023 Budget in Brief notes:

The Craft Beverage Modernization Act (CBMA), as amended, transfers jurisdiction for import-related provisions from U.S. Customs and Border Protection (CBP) to Treasury as of January 1, 2023. Treasury intends for TTB to administer the new CBMA import claims program. TTB is taking a data-driven and risk-based approach to stand up the new claims program to provide importers the CBMA tax benefits. The FY2023 request supports the development and maintenance of custom IT modules for foreign producers and importers to enable online filing and processing of claims, as well as additional tax administration and enforcement staff necessary to timely issue refunds.¹

These additions will ensure that TTB is able to maintain its functions as the primary regulator of alcohol as it hires and trains new employees, engages IT service providers to update the TTB Online Systems, and transfers vital import data from CBP along with establishing new links with the CBP Automatic Commercial Environment (ACE), among other transitional tasks, as TTB prepares to assume these new responsibilities. All of these systems and elements must be in place well before January 1, 2023, and pose significant expenses now. This new refund claim structure forces importers to overpay the excise taxes at the time of entry and then claim a refund of the CBMA tax benefits. Equity mandates that these taxpayers have these clear overpayments refunded as quickly as possible.

This additional funding will also ensure that TTB is not forced to draw from funding it requires to protect consumers through enforcement of Federal alcohol permitting, labeling, marketing, and trade practice regulations and education, which are all fundamental parts of the Federal Alcohol Administration Act and TTB's mission. It is critical that TTB has the resources to add new programs while maintaining the integrity of its current operations.

As you know, the TTB plays an important tax collection role for the alcohol industry, which, according to the most recent data available, results in \$375 collected for every dollar spent on collection. TTB is also responsible for enforcing the Federal Alcohol Administration (FAA) Act and ensuring industry integrity through a comprehensive system of licensing and background checks for permittees. Today, TTB regulates more than 111,000 authorized industry members. Agency officials also review over 195,000 labels and 28,000 formulas each year for the alcohol industry alone. A fully funded TTB can better enforce federal alcohol regulations, among other laws it enforces.

Moreover, with limited time remaining before TTB assumes these new responsibilities from CBP, failure to provide these additional funds in FY2023 government funding legislation that will be taken up this fall could have significant negative financial consequences for thousands of our members and could directly undercut their abilities to hire new employees and make capital investments in their businesses.

¹ <https://www.ttb.gov/images/pdfs/fy2023-bib.pdf>

We appreciate your consideration of this information and the recommendations provided as the Appropriations Committees negotiate the FY2023 funding package and in consideration of any additional continuing resolutions for FY2023.

Sincerely,



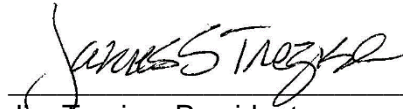
Mary Jane Saunders, Vice President
and General Counsel
Beer Institute



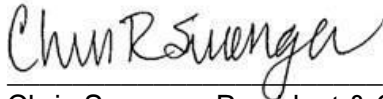
Robert D. Pease, President & CEO
Brewers Association



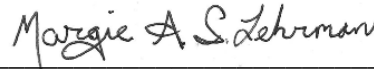
Robert P. "Bobby" Koch, President & CEO
Wine Institute



Jim Trezise, President
WineAmerica



Chris Swonger, President & CEO
Distilled Spirits Council of the U.S.



Margie A.S. Lehrman, CEO
American Craft Spirits Association



Dawson Hobbs, Executive Vice President
Wine & Spirits Wholesalers of America



Craig Purser, President & CEO
National Beer Wholesalers of America



Matt Dogali, President & CEO
American Distilled Spirits Alliance



John Bodnovich, President & CEO
American Beverage Licensees



Alison Leavitt, Managing Director
Wine and Spirits Shippers Association, Inc.



Robert Tobiassen, President
National Association of Beverage Importers



Michelle McGrath, Executive Director
American Cider Association



Brian Wing, President
American Mead Makers Association