

A. FEDERAL / NATIONAL / INTERNATIONAL

Small Brewer Federal Excise Tax Legislation

Small brewer excise tax recalibration legislation, The Small Brewer Reinvestment and Expanding Workforce Act (Small BREW Act) continues to gain support in both chambers of the 113th U.S. Congress. H.R. 494 was introduced on February 5 by Representatives Jim Gerlach (R-PA) and Richard E. Neal (D-MA). Joining as original co-sponsors of the bill were Representatives Peter De Fazio (D-OR), Erik Paulsen (R-MN), Earl Blumenauer (D-OR) and Patrick McHenry (R-NC). The bill now has a total of [111 sponsors](#).

On May 9, Senators Ben Cardin (D-MD) and Susan Collins (R-ME) introduced S. 917 in the U.S. Senate. The bill now has the support of [33 Senate sponsors](#).

The Small BREW Act seeks to reduce the small brewer rate on the first 60,000 barrels by 50 percent (from \$7.00 to \$3.50/barrel) and institute a new rate \$16.00 per barrel on beer production above 60,000 barrels up to 2 million barrels. Breweries with an annual production of 6 million barrels or less would qualify for these tax rates. Legislation introduced last session, [H.R. 1236](#), gained a total of [174 total sponsors](#). In the Senate, companion legislation [S.534](#) realized [44 total sponsors](#).

TTB Reaffirms Policy on Gluten-Free Claims

Following the Food and Drug Administration's [ruling](#) on the definition of "gluten-free" for labeling of products under its jurisdiction, the Tax and Trade Bureau (TTB) has announced that, pending further review, TTB Ruling 2012-2, [Interim Policy on Gluten Content Statements in the Labeling and Advertising of Wines, Distilled Spirits, and Malt Beverages](#), is still in force for alcohol beverage products that are subject to TTB's labeling regulations under the Federal Alcohol Administration Act. Under the provisions of TTB's ruling, the term "gluten-free" is considered misleading when used in the labeling and advertising of alcohol beverages to describe an alcohol beverage product that is made with any amount of wheat, barley, rye, or a crossbred hybrid of these grains, or any ingredient derived from these grains.

Centers for Disease Control and Prevention Releases Study on Excessive Drinking

The Centers for Disease Control and Prevention (CDC), a U.S. federal agency, has released a [study](#) highlighting the economic impact of excessive drinking in the United States. The study claims the cost reached \$223.5 billion in 2006 or about \$1.90 per drink. Among the recommended strategies to prevent excessive consumption is increasing alcohol excise taxes.

Feds to Referee Big Brewer Bout

The National Advertising Division of the Advertising Self-Regulatory Council, the advertising industry's self-regulatory organization, has referred a [complaint](#) lodged by Anheuser-Busch Inbev to the Federal Trade Commission. The substance of the complaint concerns claims made by MillerCoors about the uniqueness of the Coors Light beer can, essentially that it is

technologically superior to other beer cans and provides a more refreshing beverage experience. For its part, MillerCoors has deemed the complaint frivolous.

B. THE STATES

Taxation:

Washington

Introduced in a special session of the legislature, [S.B. 5949](#) seeks to impose a tax on the sale, at wholesale or retail, of liquor to raise funds for additional alcohol and drug treatment. The proposed tax on beer is 1 cent per twelve ounces; on wine, 1 cent per four ounces; and for spirits, 1 cent per ounce.

Sales, Distribution and Franchise:

Delaware

Signed into law by the Governor, [House Bill 190](#) would facilitate the growth of Delaware licensed brewery-pubs, microbreweries, farm wineries and craft distilleries by allowing them to expand their businesses within and outside of the State, provided they continue to meet the production limitations set forth in the statutes. It would also permit brewery-pubs to distill products which are not malt-based.

Trade Practice & Other:

California

Passing both legislative chambers after being amended to authorize a licensed beer manufacturer or a brewpub-restaurant licensee to serve, for consumption on the premises, beer produced by the licensed beer manufacturer or brewpub-restaurant licensee to attendees at a meeting of a bona fide beer manufacturer trade association or brewers' guild held on the premises of a licensed beer manufacturer, [Assembly Bill 647](#) requires that all beer sold in the state have a label affixed to the package or container showing the brand and type of beer, the true and correct name and address of the manufacturer of the beer and the true and correct name of the bottler of the beer if other than the manufacturer. Additionally, it requires a beer manufacturer that refills any container supplied by a consumer to affix a label, as specified, on the container prior to its resale to the consumer. Finally, it revises the definition of "beer manufacturer" to include only those persons that have facilities and equipment for the purposes of, and are engaged in, the commercial manufacture of beer.

[Assembly Bill 779](#), passed by both the Assembly and Senate, adds a new provision to the Alcoholic Beverage Control Act granting beer manufacturers producing more than 60,000 barrels of beer per year the ability to also manufacture cider or perry at their licensed premises and to sell the product to any licensee authorized to sell wine.

Illinois

Signed into law by the Governor, [House Bill 1573](#) redefines a “craft brewer” as one brewing 30,000 barrels annually (from the current 15,000 barrels) and thereby qualifying for self-distribution at the increased production rate.

New Jersey

Signed into law, [Senate Bill 2286](#) creates a craft distillery license permitting a licensee to manufacture up to 20,000 gallons of distilled alcoholic beverages, provide limited samples in conjunction with a tour and sell up to 5 liters per person for off premise consumption.

Rhode Island

Signed into law, [Senate Bill 236](#) allows holders of manufacturer’s licenses (brewers, vintners and distillers) to provide visitors to the licensed premises samples, clearly marked as samples, for off-premise consumption.