

January 2017 Legal & Legislative Update

A. FEDERAL / NATIONAL / INTERNATIONAL

Craft Beverage Modernization and Tax Reform Act

At the adjournment of the 114th Congress, S. 1562, the [Craft Beverage Modernization and Tax Reform Act](#), had 52 total sponsors in the U.S. Senate and companion bill H.R. 2903 had 289 total sponsors in the U.S. House of Representatives.

This legislation sought to reduce excise taxes, compliance burdens, and regulations on breweries, cideries, wineries, and distilleries. Tax provisions for breweries included: 1) Any domestic brewery that produces less than 2 million barrels a year would pay \$3.50/barrel on the first 60,000 barrels and \$16 barrel on anything above 60,000-2 million barrels; 2) Any domestic brewery that produces more than 2 million barrels a year would pay \$16/barrel on their first 6 million barrels; 3) All importers would pay \$16/barrel on the first barrel they import through 6 million barrels. Those importers that import more than 2 million barrels would pay \$18/barrel on any barrel over 6 million.

Identical or similar legislation will be introduced early in the 115th Congress.

Brewers Association Advocacy Leads to Tax Filing and Bond Benefits for Small Brewers

The culmination of an effort started more than a decade ago by the Brewers Association to reduce financial and paperwork burdens for thousands of small brewers was achieved when changes to excise tax due dates and bond requirements became effective on January 1, 2017. Specifically, beginning with the calendar quarter that starts on January 1, 2017, taxpayers who reasonably expect to be liable for not more than \$1,000 in taxes imposed with respect to distilled spirits, wines, and beer for the calendar year (and who were liable for not more than \$1,000 in such taxes in the preceding calendar year) can pay those taxes annually, rather than quarterly. Additionally, taxpayers are exempt from bond requirements if they reasonably expect to be liable for not more than \$50,000 in taxes imposed on distilled spirits, wine, and beer for the calendar year, were liable for not more than \$50,000 in such taxes in the preceding calendar year, and pay taxes on a semi-monthly, quarterly, or annual basis.

Those eligible to take advantage of these provisions may find further information and guidance within [TTB Industry Circular 2016-2](#).

B. THE STATES

Sales, Distribution and Franchise:

Michigan

On the Governor's desk, [S.B. 973](#) would amend the Michigan Liquor Control Code to expand the kinds of businesses that are legally allowed to fill beer growlers. Specifically, it would allow

a person holding both a specially designated merchant (SMD) license and a specially designated distributor (SDD) license to fill and sell growlers with beer for off-premises consumption.

New Jersey

[Assembly Bill 4387](#) seeks to remove from current law a provision requiring the holder of a limited brewery license to provide a tour of the brewery when selling the brewery's products for consumption on the licensed premises.

[Senate Bill 1334](#), allowing the holder of a limited or restricted brewery license to sell beer in growlers at a seasonal farm market, was amended and reported from committee. The amendments establish that only 32, 64, or 128 ounce growler containers are to be sold and to limit the offering of samples to four three-ounce samples of beer per person of legal age per day.

Wyoming

Among other provisions, [Senate Bill 43](#) would allow a licensed malt beverage wholesaler to sell malt beverages to a retail liquor licensee or malt beverage permittee outside its designated sales territory if the malt beverage wholesaler granted distribution rights in that territory is unwilling or unable to service the retail liquor licensee or malt beverage permittee in that territory.

[House Bill 96](#) would authorize holders of a microbrewery permit to dispense malt beverages in areas adjacent to its site and provides for the dispensing of malt beverages at satellite locations.

Trade Practice & Other:

District of Columbia

On the Mayor's desk, [Bill 849](#), the Omnibus Alcoholic Beverage Regulation Amendment Act of 2016, among many provisions seeks to allow brew pubs with two or more facility permits to transport beer, wine or spirits manufactured at one location to another.

Ohio

Signed into law by the Governor, [H.B. 444](#) allows certain liquor permit holders to provide, in any 24-hour period, up to four free tasting samples of beer, wine, and spirituous liquor to a person who is 21 or older and who is a paying customer of the permit holder.

South Carolina

[Senate Bill 114](#) seeks to allow manufacturers or producers of beer, ale, porter, wine, or alcoholic liquors to donate their products and furnish equipment and representatives to dispense and promote their beverages to qualified nonprofit organizations that intend to sell these products at permitted events organized to raise funds for the nonprofit organization or other charitable purpose.