

[Congressional Record: December 10, 2009 (Extensions)]

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[DOCID:cr10de09-121]

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INTRODUCTION OF SMALL BREWERS' EXCISE TAX BILL

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HON. RICHARD E. NEAL

of massachusetts

in the house of representatives

Thursday, December 10, 2009

Mr. NEAL. Madam Speaker, I rise today to introduce legislation to promote American jobs. Over 30 years ago, Congress worried that a few industry giants would dominate the domestic beer industry, squeezing out local and regional brewers. In response, Congress reduced the tax rate on beer produced by small brewers. That differential has led to the creation of thousands of craft brewers, who are small business owners and employers in our communities. However, the consolidation at the top of the market has continued.

Today, the two top players in the beer market, which are global companies, control more than 90% of American beer production. Clearly, we need to do more to foster and promote growth for these small, independent American brewers. That is why I am filing legislation today, along with my Committee colleague and friend from Texas, Mr. Brady, to provide a more graduated rate of excise tax on beer produced domestically by small brewers. Our bill provides two benefits to small brewers. First, for those who produce less than 60,000 barrels per year, the current excise tax rate is cut in half to \$3.50 per barrel. Second, for those who produce more than 60,000 but less than 6 million barrels, still well short of the industry giants, they will enjoy the same tax break on the first 60,000 barrels but will pay a tax rate of \$16 per barrel rather than the current \$18 per barrel on the amount over 60,000 and less than 2 million. Any barrel over that threshold will continue to be taxed at the current \$18 rate.

This legislation has the support of the Brewers Association, representing more than 1,500 small and independent brewers in America, including 85 regional breweries that produce between 15,000 and 2 million barrels per year, 470 microbreweries that produce less than 15,000 barrels per year, and 961 brewpubs that sell 25% or more of their beer on site. These small brewers employ more than 100,000 workers, generating more than \$3 billion in wages. Their dedication to craft brewing has led to a renaissance in flavorful beer here in America and more respect for American brewers abroad. However, they still lack the economies of scale in marketing, advertising, production, promotion and distribution that the giants of the industry enjoy.

As the landscape of the beer market continues to change, we should revisit these tax provisions to provide for further growth of these smaller brewers. We should continue the effort we started more than 30 years ago to nurture a diverse and competitive market and promote small domestic producers to keep this American industry thriving. These are good jobs in our local communities that protect American craftsmanship. I urge our colleagues to join us in this effort.