



September 10, 2021

The Honorable Patrick Leahy  
Chairman, Appropriations Committee  
437 Russell Senate Office Building  
Washington, DC 20510

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

Dear Chairman Leahy and Vice Chairman Shelby:

We are writing in follow-up to the industry letter dated June 21, 2021, to amend our previous recommendation for fiscal year (FY) 2022 funding for the Alcohol and Tobacco Tax and Trade Bureau (TTB). Since that time, the U.S. Department of the Treasury has issued its “Report to Congress on Administration of Craft Beverage Modernization Act Refund Claims for Imported Alcohol”<sup>1</sup> (“the Report”) detailing plans for TTB to take over certain responsibilities from U.S. Customs and Border Patrol (CBP) related to imported beverage alcohol products by January 1, 2023. TTB will need to begin its preparations well in advance to perform these new responsibilities by the stated deadline. Therefore, we respectfully amend our previous request and seek your support for \$149,330,000 for the TTB in the FY 2022 Financial Services and General Government appropriations bill to meet the needs requested by the Department of Treasury in the Report. Furthermore, we ask the Committee to consider including the following additional bill language:

*“Of that amount, \$18,000,000 for investments in technology and human resources necessary to administer the Craft Beverage Modernization Act refund claims for imported alcohol.”*

In the Report, the Department of Treasury notes, “Treasury currently estimates annual resource requirements of \$12 million-\$18 million and 35-45 [full-time employees]

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<sup>1</sup> Available online at: <https://www.ttb.gov/about-ttb/plans-and-reports>

once fully implemented” to administer the import claims program that CBP currently manages. The Report, which was released following the President’s FY 2022 Budget Request, notes the following resource needs:

To administer the CBMA import claims program, TTB plans to develop two separate modules in its planned online filing system, “MyTTB.”<sup>5</sup> First, foreign producers seeking to assign CBMA tax benefits for their products will provide information directly to TTB through an online registration module.<sup>6</sup> Second, an import claims module will allow importers to submit refund claims to TTB for CBMA tax benefits. Together, these two modules will enable TTB to receive import claims electronically and validate claims automatically by reconciling claim data with data submitted to CBP at the time of importation, as well as against the required assignments provided by foreign producers in the foreign producer module. Electronic claim filings will also enable TTB to develop risk targeting tools to help it identify high-risk claims for audit and investigation. Treasury’s ability to fully implement this approach is contingent on receiving sufficient resources.

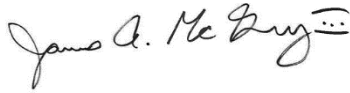
These additions will ensure that TTB is able to maintain its functions as the primary regulator of alcohol as it hires and trains new employees, engages IT service providers to update the TTB Online Systems, and transfers vital import data from CBP along with establishing new links with the CBP Automatic 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.

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.

As you are aware, TTB generates revenue at a rate of \$380-to-\$1 spent on collection of alcohol excise. It also maintains industry integrity through enforcement of the Federal Alcohol Administration Act and protects the public while maintaining efficient markets through its system of permits, background checks, and product formula and labeling approvals, among other compliance and enforcement programs. It is critical that TTB has the resources to add new programs while maintaining the integrity of its current operations.

We appreciate your consideration of this recent information and the recommendations provided.

Sincerely,



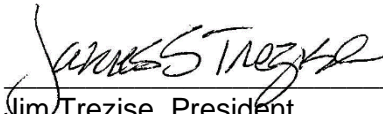
Jim McGreevy, President & CEO  
Beer Institute



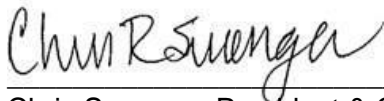
Robert D. Pease, President & CEO  
Brewers Association



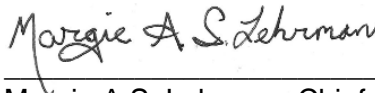
Robert P. "Bobby" Koch, President & CEO  
Wine Institute



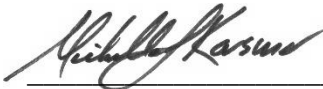
Jim Trezise, President  
WineAmerica



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



Margie A.S. Lehrman, Chief Executive Officer  
American Craft Spirits Association



Michelle Korsmo, President & CEO  
Wine & Spirits Wholesalers of America



Craig Purser, President & CEO  
National Beer Wholesalers of America



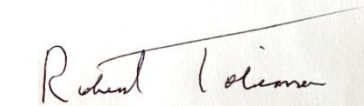
Matt Dogali, President & CEO  
American Distilled Spirits Association



John Bodnovich, President & CEO  
American Beverage Licensees



Michelle McGrath, Executive Director  
American Cider Association



Robert Tobiassen, President  
National Association of Beverage Importers



Brian Wing, President  
American Mead Makers Association

CC: The Honorable Chris Van Hollen, Chairman, Subcommittee on Financial Services  
The Honorable Cindy Hyde-Smith, Ranking Member, Subcommittee on Financial Services