



September 5, 2014

United States Senate
Committee on Appropriations
Room S128, The Capitol
Washington, DC 20510

RE: The Alcohol and Tobacco Tax and Trade Bureau

Dear Chairwoman Mikulski and Ranking Member Shelby:

On behalf of undersigned beverage alcohol trade associations representing distilled spirits, beer and wine, we are writing to request Congress to fully fund the Administration's request of \$101 million for the Alcohol and Tobacco Tax and Trade Bureau (TTB) for FY2015. We further request that Congress appropriate the full \$ 101 million in direct funds to the TTB, rather than any portion in "program integrity funds" which we fear will not be available to TTB. TTB is best suited to allocate all of its funds in the most effective and efficient manner. The agency's ability to respond swiftly and properly to changes in the alcohol industry has a direct impact on jobs, consumer protection, the innovation of new products, and the collection of federal excise taxes. Since 2007, TTB has had to shrink its workforce by 10% - more than 50 full-time positions - and this has had a direct, negative impact on the businesses that depend on it to operate and grow.

The *Business Insider* claimed in 2012, that "the TTB is the government's third-biggest revenue collector, after the IRS and Customs and Border Protection." It may also be its best: In fiscal year 2013, it took in \$23 billion. That amounts to \$457 for every dollar the agency spent collecting taxes - more than twice the IRS' ratio. No other federal agency does so much for so little, while also having a huge impact on the industry it regulates.

In addition to its tax collection role, TTB is responsible for enforcing the Federal Alcohol Administration Act. Agency officials review well over 100,000 labels and thousands of formulas each year to protect U.S. consumers. TTB ensures industry integrity through a comprehensive system of licensing and background checks. TTB also advises other agencies on a range of trade issues as a significant volume of U.S. alcohol beverages are exported annually and hundreds of brands enter the U.S. annually. Therefore, as the TTB goes, so goes much of the alcohol industry in the United States. We need a well-funded TTB to be able to process label requests quickly in order to get new products to market in this highly competitive global market place. We also need a well-funded TTB to prevent and guard against unscrupulous actors from entering our marketplace who otherwise could harm the public with dangerous products, which has occurred outside of the United States with counterfeit alcohol.

The US government has a clear economic interest in a well-funded and well-run TTB. According to industry data, beverage alcohol suppliers, importers, wholesalers and retailers contributed over \$ 416 billion in total US economic activity in 2011. For the same time period, the industry generated over \$ 92.9 billion in wages and over 4 million jobs for U.S. workers.

In recent years, the alcohol beverage industry has seen explosive growth across the United States and the number of businesses that the TTB regulates has skyrocketed. These businesses, many of which are small, family-owned operations, have been forced to deal with longer and longer wait



times for critical label, formula and permit approvals. Since 2007, TTB's budget has increased by 8.7% while at the same time federal employee salaries have increased 12.6% and the consumer price index has increased 14.6%. In this same period of time, the number of wineries, breweries and distilleries in the country has grown by an astounding 53.1%. Rising costs in areas such as payroll, office infrastructure, information technology and travel have left TTB with no other alternative than to reduce its staffing numbers to cope with its shrinking budget in real dollar terms.

In short, now is not the time to cut funding to one of the few federal agencies that is performing well and actually helping a significant US industry grow. Our industry absolutely needs a fully funded TTB and we urge you to provide \$101 million in direct, no strings attached, funding in FY2015.

Thank you for your consideration of this important matter and please do not hesitate to reach out to us if you have any questions regarding our request.

Sincerely,

Dr. Peter Cressy
Distilled Spirits Council
of the United States

Mr. William T. Earle
National Association of
Beverage Importers

Ms. Victoria McDowell
Presidents' Forum

Mr. Michael Kaiser
Wine America

Mr. Bobby Koch
Wine Institute

Mr. Paul Gatza
Brewers Association

Mr. John D. Bodnovich
American Beverage Licensees

Mr. Craig A. Purser
National Beer
Wholesalers Association

Mr. Craig Wolf
Wine & Spirits
Wholesalers of America

Mr. James A. McGreevy
Beer Institute