



February 1, 2021

Dear Member of Congress:

Given the focus on the financial needs of the United States Postal Service (USPS), we are writing to express our opposition to legislation that would allow the USPS to ship beverage alcohol. Our organizations represent the production, distribution and retail segments of the licensed beverage industry.

As you work to find a legislative solution that addresses the financial challenges facing the USPS, adding controversial legislative provisions to the bill will hinder the progress that has been made in past Congresses.

Allowing the USPS to ship beverage alcohol – as was set forth in H.R. 2517, *The United States Postal Service Shipping Equity Act*, ” introduced in the 116th Congress by Representative Jackie Speier – will compromise the public health and safety priorities established by existing law, including increasing the risk of tainted and bootleg alcohol in the marketplace; undermining over 85 years of effective state-based alcohol regulation; adversely affecting excise tax collection and much-needed revenue; undoing long-standing coordination of federal and state alcohol policy; and creating USPS costs, without offering a meaningful solution to the significant financial needs of the USPS.

Marketplace and Public Safety Protections of the Current System of Alcohol Regulation

It is critical for Congress to keep in mind that the current American system of alcohol regulation exists to safeguard the public and the beverage alcohol marketplace. These important public protections include, but are not limited to, the following:

- Protecting consumers from the entrance of unsafe, counterfeit and unlicensed alcohol into the American marketplace;
- Requiring production, distribution and sale of alcohol only by those with a proper license and regulatory oversight;
- Ensuring alcohol purchases made and received by consumers who are 21 years-of-age or older and deliveries made in accordance with state and local laws; and
- Safeguarding effective and reliable collection of state and local sales and alcohol excise taxes.

As drafted in the 116th Congress, H.R. 2517 failed to fully recognize over 85 years of alcohol regulatory oversight put into place to ensure the protection of these and other well-established policies designed to ensure a safe and secure marketplace. Additionally, the bill from last Congress did not fully appreciate years of industry work with state and local communities to create a system of accountability that supports authentic products in the marketplace. For example, independent distributors are licensed by state and federal governments and source high-quality products only from federally registered suppliers and sell only to state-licensed retailers. State-licensed retailers must only purchase products from those distributors, ensuring a reliable chain of custody of age-restricted products. Past legislation has needlessly compromised the effectiveness of the current system and the public protections that it provides.

Tainted and Counterfeit Alcohol Concerns

Tainted or counterfeit alcohol has come into sharper focus in recent years. Reports about bootleg alcohol in other countries bring to light the dangers of systems that do not guard against unregulated alcohol. Tainted alcohol has taken numerous lives in countries such as Costa Rica, Mexico and the Dominican Republic. Additionally, countries like the United Kingdom and the Czech Republic have experienced continuing crises from the entry of fake alcohol into the marketplace, affecting public health and harming legitimate businesses.

Fortunately, we don't face similar tragedies in the United States because our alcohol market is built on a series of checks and balances, preventing dangerous products from reaching consumers. American consumers feel secure when purchasing alcohol products because of an effective regulatory system and distribution networks that ensure only regulated and safe beverage alcohol is available to be purchased from licensed producers, wholesalers and retailers. The bill from last Congress did not adequately address the need for aggressive protections against counterfeit and illegally sourced and produced alcohol in the marketplace.

State-Based System of Alcohol Regulations

Another unique aspect of the U.S. alcohol market is that each state is given the flexibility to put into place alcohol laws that work best for its citizens and communities. This careful balance serves to protect consumers, reflect state and local attitudes toward alcohol and meet community needs.

Rep. Speier's legislation did not sufficiently recognize well-established state authority and could compromise the ability of states to oversee the alcohol market within their borders. Additionally, allowing the shipping of alcohol through unregulated channels could have severe consequences, such as opening the market to unlicensed products, including harmful foreign or domestic-sourced alcohol, and creating easier access to alcohol for underage consumers.

Collection of Sales Tax and Excise Tax

The current system of alcohol regulation ensures the effective and reliable collection of state and local sales and excise taxes. These revenues are often critical to state and local governments and are typically used to fund essential government functions. The alcohol industry collectively

contributes over \$20 billion in annual tax revenue to state and local governments via sales and excise taxes on beverage alcohol. Past legislation has failed to explicitly address these important tax concerns and risks creating a dynamic where out-of-state retailers and sellers might forego or neglect the remittance of these taxes, thereby creating holes in state and local government budgets that would go unfilled.

Well-Established Constitutional Authority and Federal Policy

The 21st Amendment to the U.S. Constitution grants states clear authority to regulate the manufacture, sale and distribution of beverage alcohol within their respective state borders.¹ Since its enactment, the 21st Amendment has provided states with wide latitude to establish an alcohol regulatory framework that appropriately balances the demands of the marketplace with the public safety concerns caused by the improper sale, mishandling, misuse and abuse of alcohol. The U.S. system of alcohol regulation has evolved since the enactment of the 21st Amendment and has proven to effectively balance the needs of the marketplace with critical public health and safety considerations.

Congress Should Oppose Allowing the USPS to Ship Beverage Alcohol

The current system of alcohol regulation is working and there is no need for this proposed change to state powers. In a recent survey commissioned by the Center for Alcohol Policy, 83% of Americans were satisfied with the current state-based system. When considering any alcohol-related legislation, Congress should reject efforts to undermine current law and preserve policies that protect both consumers and the public. We respectfully urge members of Congress **to refrain from cosponsoring *The United States Postal Service Shipping Equity Act* when it is reintroduced or any legislation that would allow the USPS to ship beverage alcohol.**

Sincerely,



John D. Bodnovich, Executive Director
American Beverage Licensees



Matt Dogali, President and CEO
American Distilled Spirits Alliance



Craig A. Purser, President and CEO
National Beer Wholesalers Association



Michelle L. Korsmo, President and CEO
Wine and Spirits Wholesalers of America

¹ “The Twenty-first Amendment grants the States virtually complete control over whether to permit importation or sale of liquor and how to structure the liquor distribution system.” *California Retail Liquor Dealers Ass'n v. Midcal Aluminum*, 445 U.S. 97, 110 (1980).