

The Federal Government Shutdown: What is the Impact for the Alcohol Industry?

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We are once again in the midst of a government shutdown. As you may recall, in January of this year we had a short government shutdown, and it appears we will end this year on the same note. Unfortunately, it seems operating under a frequent threat of a government shutdown will now be the status quo going forward for the alcohol industry.

Although this is a “partial” government shutdown, one of the affected agencies is Department of the Treasury, which includes the Alcohol and Tobacco Tax and Trade Bureau (“TTB”). Because the TTB impacts many operations in the alcohol industry, even a small delay can have serious repercussions. Already facing backlogs for permits and label approvals, each day of the shutdown only compounds the delay for alcohol manufactures to bring new products to market or even open their doors.

The TTB has posted a notice on its website regarding the scope of its operations during this shutdown. Importantly, although the TTB will be operating with a skeleton crew, taxes and operational reports must still be filed per usual (there is no delay in accepting your tax payments!). Also, the TTB anticipate that its Permits Online, Formulas Online, and COLAs Online portals will be up and running, but submissions will not be reviewed until regular service is resumed. Therefore, we recommend that you keep filing your formula, COLA, and permit applications as usual so that you establish your place in line for review when the shutdown ends.

Hopefully, this shutdown will be relatively quick. In the past, the TTB has typically slowed down the last couple of weeks of the year due to the holidays, so if the shutdown ends soon, the overall impact may seem minimal. However, if this drags on for weeks, the delays could have severe consequences for the alcohol industry, especially manufacturers. If you have any questions about the shutdown’s impact on your alcohol business, please feel free to contact Ken McDermott (kmdermott@tuckerlaw.com) in our Alcohol Beverages/Liquor Licensing Practice Group.