

Congress of the United States
Washington, DC 20515

April 23, 2021

Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd St SW
Washington, D.C. 20416

Dear Administrator Guzman:

Congratulations on your recent confirmation. We look forward to working with you to help connect small businesses in the communities we represent with the resources they need to recover from this unprecedented public health and economic crisis.

To that end, we would like to draw your attention to a unique challenge facing Washington state's distilleries, following the U.S. Small Business Administration's (SBA) release of participation criteria for the American Rescue Plan's Restaurant Revitalization Fund (RRF). Distilleries and craft distilleries were originally identified as qualifying small businesses for this critical program aimed at helping the restaurant sector manage the impact of COVID-19. However, we are concerned about the new criteria, which effectively disqualifies Washington state's distillery and craft distillery industry from receiving much-needed RRF relief.

According to SBA criteria, entities must derive 33 percent of their revenue from on-site sales to qualify for the RRF program.¹ However, Washington state law limits distilleries to no more than 30 percent of their revenue from on-site consumption. This state law means that it is illegal for Washington state distilleries to meet the on-site sales requirement for RRF participation. In view of this misalignment between state law and SBA criteria, we fear that Washington state distilleries will be ineligible from accessing RRF relief—which they so need and which American Rescue Plan was designed to provide them.

We understand that the RRF program was designed to support distilleries who derive a sizeable portion of their revenue from tasting room operations. However, in many of Washington state's small distilleries, more product is sold through a local distributor to restaurants than from tasting rooms, as a result of state regulations. Unfortunately, many restaurants that bought from distilleries were forced to close during the COVID-19 pandemic. While damaging to Washington's economy in their own right, these restaurant closures hit the distillery industry especially hard.

During 2020, 28 percent of Washington state's distilleries closed their doors permanently as a result of the pandemic. It is our hope that the RRF program will help rescue these small family businesses on the verge of bankruptcy. But this will require an alteration to the SBA's criteria. We

¹ <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/restaurant-revitalization-fund>

believe the SBA can appreciate the pressing need to support Washington state distilleries and craft distilleries through the RRF program, given the pandemic's devastating impact on their operations.

For the reasons discussed, we encourage the SBA to help rectify this situation and extend RRF access to our state's hard-hit distillery industry. It would be a great improvement if the SBA would include language derived from the criteria in the Washington State Department of Agriculture (WSDA) Grant Program for Washington state distilleries, which would allow their inclusion in the RRF program. **We respectfully request that the SBA revise its criteria for RRF eligibility to explicitly accommodate distilleries that generate at least 33 percent of gross annual revenue from combined in-person sales at their own establishments and distribution to other on-site retailers.**

As representatives of Washington state, it is a top priority to ensure that our small business owners have equitable opportunity to access much-needed relief from federal programs. We applaud the SBA's work in supporting small businesses across the country during the pandemic, and we look forward to working with you to advance a national economic recovery in the months ahead.

Thank you for your time and attention to this matter. We appreciate your cooperation and partnership on these important issues and look forward to your prompt response.

Sincerely,



Derek Kilmer
Member of Congress



Patty Murray
United States Senator



Marilyn Strickland
Member of Congress



Maria Cantwell
United States Senator



Suzan K. DelBene
Member of Congress



Cathy McMorris Rodgers
Member of Congress



Pramila Jayapal
Member of Congress



Adam Smith
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Kim Schrier, M.D.
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Jaime Herrera Beutler
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Rick Larsen
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Dan Newhouse
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