

Talking Points: Bubble Bill

Situation:

The Craft Beverage Modernization Act (CMBA) of 2020 made permanent a change that allows low-alcohol wines, ciders, and meads (up to 8.4% ABV) to have a higher level of carbonation - up to 0.64 CO₂/100ml - without facing extra taxes. However, fruited wines, ciders, and meads were left out of this update. They must still follow the lower carbonation limit of 0.392 CO₂/100ml - or they'll be hit with the "Bubble Tax," which adds over \$3.30 per gallon in extra costs.

To correct this oversight, we are actively working to gain support for the Bubble Tax Modernization Act - also known as the "Bubble Bill" - reintroduced in July 2025 as HR 4613. With this bill, we are asking for a simple technical language revision of the CMBA that allows fruited wines, ciders, and meads to be carbonated at the higher 0.64 CO₂/100ml level, alleviating producers of the higher tax burden.

Key Points:

- **Tax Fairness & Parity** – The 2020 Craft Beverage Modernization Act (CMBA) allowed low-alcohol ciders, meads, and wines (up to 8.4% ABV) to carbonate up to 0.64 CO₂/100ml without extra taxes—but excluded fruited versions.
- **Competitive Market Positioning** – Craft beer, hard seltzers, and other beverages offer high carbonation, and cider needs to compete in the same space without outdated tax penalties limiting production choices.
- **Supports Small Businesses** – Independent cideries operate on tight margins. This bill removes an unfair tax burden, helping them compete and diversify their product offerings.
- **Boosts Orchards & Local Farmers** – More fruit cider production means more demand for apples, berries, and other locally grown ingredients.
- **Enhances Economic Impact** – Cideries contribute to rural economies, tourism, and local job creation. Reducing unfair taxation allows them to reinvest in their businesses and communities.
- **Strengthens U.S. Competitiveness** – American cider makers compete against international producers who don't face similar tax burdens. Leveling the playing field helps domestic businesses thrive.