



Brews to Barns Act

Background

American breweries produce millions of pounds of spent grain each year, and it is the largest byproduct of the brewing process. This nutrient-rich, high-fiber material is typically suitable for agricultural use, particularly as livestock feed or soil amendment. Many small and independent brewers already partner with local farmers to donate or provide this spent grain at little to no cost; however, logistical costs, regulatory uncertainty, and limited financial incentives can deter broader participation. This is especially true for rural breweries and farmers operating on tight margins.

The Internal Revenue Code imposes a federal excise tax on beer production, with small brewers paying \$3.50 per barrel on their first 60,000 barrels. For most of America's craft breweries, the federal excise tax is one of their largest recurring federal costs. Despite the benefits of repurposing spent grain, there is currently no federal incentive encouraging this circular economy practice.

Summary

The proposed *Brews to Barns Act* would create a targeted federal tax credit to support sustainability in brewing and strengthen partnerships between brewers and farmers:

- **Tax Credit Value:** \$0.08 per pound (dry weight equivalent) of spent grain donated for agricultural purposes, including livestock feed, composting, or fertilizer production.
- **Credit Cap:** Up to \$30,000 per calendar year per eligible brewer.
- **Credit Application:** Claimable as an offset against federal excise tax liability. If the credit exceeds the brewer's annual federal excise tax liability, it will reduce the tax owed to zero but would not be refundable.
- **Eligibility:** Applies to breweries of all sizes that donate spent grain to verified agricultural operations.
- **Documentation Requirements:** Breweries would be required to retain records of grain weight, donation recipients, and end-use certification from farmers or agricultural entities.

Impact

- For small and independent breweries, the *Brews to Barns Act* could reduce or even eliminate their federal excise tax liability, freeing up capital for wages, equipment, or expansion. Breweries producing approximately 8,500 barrels annually typically pay close to \$30,000 in federal excise tax.
- For mid-sized and larger breweries, the credit provides a direct incentive to expand donations, lower waste disposal costs, and strengthen rural supply chains.
- For American farmers and ranchers, it provides low-cost, protein-rich livestock feed and organic material for composting or soil enrichment, encourages circular economies, and shortens supply chains between breweries and agricultural communities.
- For communities, it reduces methane emissions from landfilled organic waste.

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