July 10, 2026

Welcome to your **ABL Friday Happy Hour** ... *779 words* ... *3-4 minutes*. Here's the latest on legislative developments, litigation, and other news affecting beverage alcohol retailers.

1. Congress Returns Facing a Packed Legislative Calendar

Congress returns to Washington next week with a growing list of unfinished business and just a few legislative work-weeks before the August recess. Lawmakers still must tackle annual government funding bills, the National Defense Authorization Act, surface transportation reauthorization and Farm Bill programs set to expire, while also weighing proposals on cryptocurrency regulation, permitting reform, and other priorities.

- **Why it matters:** As Congress's calendar becomes more crowded, opportunities for standalone legislation shrink. That makes must-pass bills – like year-end legislative packages – increasingly important vehicles for advancing ABL priorities, including credit card competition, Hemp-THC reform, and other retailer issues. While floor action may appear slow, much of the real work over the coming months will happen behind the scenes as lawmakers and stakeholders position priorities for inclusion in larger legislative packages.

2. Surface Transportation Bill Appears Headed for an Extension

The House has yet to begin work on key tax provisions needed to reauthorize the nation's surface transportation programs, with current authority set to expire on September 30. Negotiations over Highway Trust Fund financing—including gas taxes and potential fees on electric and hybrid vehicles—remain stalled, making a short-term extension increasingly likely.

- **Why it matters:** ABL closely monitors surface transportation reauthorization because it has historically served as the primary legislative vehicle for federal impaired driving policy, including initiatives affecting DUI enforcement, ignition interlocks, highway safety grants, and alcohol-related traffic safety programs. If Congress delays a long-term reauthorization, many of those policy debates could also be postponed—or resurface later this year as part of a broader legislative package.

3. Toasts Not Tariffs Coalition Urges USTR to Exempt Wine & Spirits from New Tariffs

The Toasts Not Tariffs Coalition, of which ABL is a member, submitted comments this week urging the Office of the U.S. Trade Representative to exempt all imported wines and distilled spirits from any new Section 301 tariffs under the Administration's forced labor investigation. The coalition argued that beverage alcohol has long benefited from fair and reciprocal trade and supports more than 3.5 million American jobs and $476 billion in annual economic activity. The coalition also urged the Administration to preserve the USMCA exemption for Canada and Mexico and permanently restore tariff-free trade with key export markets.

- **Why it matters:** The hospitality and wine and spirits industries continue to face significant economic headwinds, with wine and spirits uniquely tied to geographic origin such that products cannot simply be sourced elsewhere to avoid tariffs, and that retaliatory tariffs have historically reduced U.S. exports while harming American producers and workers throughout the supply chain.

4. New Legislation Takes Aim at Canada's U.S. Alcohol Ban

Rep. Claudia Tenney (R-NY) has introduced the *Combating Attacks on our National Alcoholic Drinks by Allies (CANADA) Act* (H.R. 9601). The bill would require the U.S. Trade Representative to investigate whether Canada's restrictions on U.S. beverage alcohol products violate Section 301 of the Trade Act of 1974. As part of the ongoing U.S.-Canada trade dispute, several Canadian provinces have pulled American alcohol beverages from their government-run liquor stores. While the CANADA Act would not impose tariffs or other penalties, it would require the USTR to determine whether Canada's actions amount to an unfair trade practice that could justify a U.S. response. The bill is supported by the Wine Institute, WineAmerica, and the American Craft Spirits Association.

- **Why it matters:** Canada is one of the largest export markets for U.S. beverage alcohol producers. This bill reflects growing Congressional interest in using U.S. trade law to challenge foreign restrictions on American beverage alcohol and adds pressure on Canada to restore access to its provincial liquor markets.

5. Pass-Through Tax Planning Remains Important After Federal Tax Changes

The One Big Beautiful Bill Act permanently increased the federal deduction for state and local taxes (SALT), but a growing number of states are developing pass-through entity taxes (PTETs) as important planning tools for many small businesses. More than 35 states now offer elective PTET regimes, though eligibility, deadlines, and tax treatment vary significantly from state to state.

- **Why it matters**: Most ABL members operate as pass-through businesses, making PTET elections directly relevant to their tax planning. While the new federal tax law changes the analysis for some businesses, it does not eliminate the potential benefits of PTET elections. Retailers should work with their tax advisors to evaluate whether a PTET election makes sense under their state's rules before annual election deadlines. For a state-by-state overview of PTET programs, see the AICPA's State Pass-Through Entity Tax Map.