**Rep. Barr – Testimony**

**Equine Tax Items:**

* A Return to 100% Bonus Depreciation
	+ This provision is vital to the horse industry in central Kentucky – not only for the trainers and owners, but breeders, farms, and smaller businesses – many of whom would not be able to participate if it wasn’t for the bonus depreciation incentive.
* Racehorse Cost Recovery Act
	+ This legislation makes permanent the modification of the accelerated depreciation allowance for racehorses to allow a three-year recovery period for any racehorse.
	+ Currently, the default is seven years, but realistically the useful life of that asset is three years.
	+ This encourages investment in racehorses and this dynamic industry.
* Racehorse Tax Parity Act
	+ The Racehorse Tax Parity Act would shorten the holding period for racehorses to be considered eligible for long-term capital gains treatment from 24 months to 12 months.
	+ We need to level the playing field on that asset class and make it a 12-month holding period in order to get that capital gain treatment.

**Opportunity Zones**

* Tax paying banks want to level the playing field with credit unions. We should be using tax incentives to supercharge lending to individuals and small businesses in low-and-moderate income communities.

**Bourbon Tax Items:**

* H.R. 40773 – Duty Drawback Clarification Act
	+ This bill clarifies that all whiskey products are commercially interchangeable and eligible for the drawback program by creating a single 8-digit Harmonized Tarriff Schedule code for whiskeys.
	+ Under the current HTS, spirits categories such as whiskeys, have several HTS numbers at the 8-digit level. For example, scotch Whiskey and Bourbon each have their own HTS codes at the 8-digit level, meaning these products are not “commercially interchangeable” for purposes of a drawback claim.
	+ Duty Drawback was created as an export incentive, so why would we not allow America’s Signature Spirit to compete on a level playing field?
* EU Trade Tariffs
	+ We must secure the permanent return to zero-for-zero tariffs on spirits with the EU before the scheduled reintroduction of the 25% retaliatory tariff on American Whiskeys on March 31, 2025.
* Rum Cover Over
	+ The Rum Cover Over has expired, and the Virgin Islands and Puerto Rico rum distilleries work in tandem with many of our US based spirits-based companies, including distilleries in Central Kentucky.
	+ The territories and the companies rely on the cover over to meet their fiscal obligations, making the cover over part of the tax package looking back to 2021 and forward would be the responsible course of action.
	+ Extending the cover over would be beneficial not only to the territories, but also to the Commonwealth of Kentucky.