



National Independent Venue Association Comments: The Alcohol and Tobacco Tax and Trade Bureau's (TTB) Advanced Notice of Proposed Rulemaking regarding Consideration of Updates to Trade Practice Regulations

The National Independent Venue Association (NIVA) is an independent live entertainment trade association that formed in mid-April 2020, just three weeks into the pandemic's shutdown. NIVA's members include venues, promoters, and festivals across the United States. The overwhelming majority of these venues are small businesses or non-profits. With the support of its members and their fans, the organization successfully launched a nationwide movement to #SaveOurStages, obtaining \$16.25 billion in federal disaster relief by bringing together live entertainment voices to save independent venues and promoters on the brink of collapse due to COVID-19 shutdowns. Today we are focused on creating a thriving and sustainable independent music and comedy ecosystem through innovation, advocacy, and by contributing to a more fair, competitive market.

Our independent venues, promoters, and festivals are still recovering from the economic damage inflicted by the pandemic, and new regulations on beer, wine, and spirits could cause further harm to this already struggling industry. Cultural tourism is not only a public benefit but also an economic engine for state and local municipalities. The National Independent Venue Association (NIVA) appreciates the opportunity to submit comments responding to the Alcohol and Tobacco Tax and Trade Bureau's (TTB) Advanced Notice of Proposed Rulemaking regarding Consideration of Updates to Trade Practice Regulations.

While margins were already razor thin in our industry pre-pandemic (<10%), many small independent venues, promoters, and festivals are still reporting up to 50% less revenue than in 2019. Supplier partnerships, especially with alcohol distributors, create a vital income and/or expense offset that not only creates an opportunity for reinvestment but also often allows for these small business operators to break even. The current regulatory environment, though different from state to state, currently allows for healthy competition and opportunity for our independent operators. There are already clear federal rules and regulations regarding alcohol sales, sponsorships at venues, and what may or may not be able to be provided to a retailer by a supplier or wholesaler. Removal or even adjustment to current laws could cause irreparable harm both short and long-term to our recovery and in some cases, may accelerate the already frequent closures of these small businesses that are both beloved institutions and vital cultural tourism drivers for state growth.

Live music, comedy, and entertainment are cultural tourism drivers for city/county/state revenue via increased hotel, restaurant, and alcohol revenue generated by the economic impact provided by the magnet of entertainment to the anchor of our local small businesses. A Chicago Loop Study observed a \$12:\$1 ratio where for every \$1 spent in live entertainment venues, \$12 was spent in surrounding local businesses. Not only do states profit greatly economically, but this industry drives desirability and livability for the growth of cities and counties, which is visible in fast-growing cities like Nashville, TN and Austin, TX. Similarly, states already have robust regulations governing the licensed retail of beer, wine, and spirits (e.g. Dram Shop Laws), and additional or conflicting new legislation may not only make it more difficult for these small businesses to operate in a more conflicting regulatory environment but also may infringe on states' rights to govern and collect revenue as they see fit.

The last several years have been catastrophic for our independent live music and comedy industry. Margins are thin, and breaking even is often a daily struggle for many small- and medium-cap venues. Partnerships are high-value opportunities that currently help venues, promoters, and festivals keep their doors open. Beer, wine, and spirits are robustly regulated in each state, and adding additional federal restrictions will not only complicate compliance for operators but also potentially creates federal overreach. Our live entertainment operators are enormous economic drivers for cities, counties, and states, drive economies, and deserve our support as they work to compete, create sustainability, and unlock profitability in our new emerging economy.

Additional federal rules further limiting sponsorships or partnerships will jeopardize small businesses and non-profits across the country that are working to ensure live entertainment exists in rural and urban communities.

Please consider these comments regarding the Alcohol and Tobacco Tax and Trade Bureau's (TTB) Advanced Notice of Proposed Rulemaking regarding Consideration of Updates to Trade Practice Regulations.