AMENDMENT TO H.R. 6760, AS REPORTED
OFFERED BY MR. POLIS OF COLORADO

At the end of subtitle E of title I, add the following:

SEC. 150A. TAX-FREE PRODUCTION OF KOMBUCHA.

(a) Exception From Definition of Brewer.—

Subsection (d) of section 5052 of the Internal Revenue
Code of 1986 is amended to read as follows:

“(d) Brewer.—

“(1) In General.—For purposes of this chap-
ter, the term ‘brewer’ means any person who brews
beer or produces beer for sale.

“(2) Exception.—The term ‘brewer’ shall not
include any person who—

“(A) produces only beer exempt from tax
under subsection (e) of section 5053, or

“(B) produces only kombucha exempt from
tax under subsection (i) of such section.”.

(b) Exemption From Tax.—Section 5053 of the In-
ternal Revenue Code of 1986 is amended—

(1) by redesignating subsection (i) as subsection
(j), and

(2) by inserting after subsection (h) the fol-
lowing new subsection:
“(i) PRODUCTION OF KOMBUCHA.—

“(1) In general.—Subject to regulation prescribed by the Secretary, any person may, without payment of tax, produce kombucha for consumption or sale.

“(2) Definition.—For purposes of this chapter, the term ‘kombucha’ means a beverage which—

“(A) is fermented solely by a symbiotic culture of bacteria and yeast,

“(B) contains not more than 1.25 percent of alcohol by volume,

“(C) is sold or offered for sale as kombucha, and

“(D) is derived from—

“(i) sugar, malt or malt substitute, tea, or coffee, and

“(ii) not more than 20 percent other wholesome ingredients.’’.

(c) Effective Date.—The amendments made by this section shall apply beginning after December 31, 2018.