

Federal Tax Updates

Our friends at WineAmerica, the National Association of American Wineries have been working hard on the grassroots effort for excise tax reform. Please [CLICK HERE](#) to view details for the tax reform and what it means for your winery.

To breakdown details of what the tax reform will mean for the wineries, please read a portion of the WineAmerica Perspectives below, provided by Jim Trezise, President of WineAmerica. The tax reform is a result of the hard work and efforts of WineAmerica.

Good News, Bad News, More Work:

" This week the Senate and House each passed an identical bill on major tax reform which will now go to the President for signature--before Christmas, as was predicted. Once signed, it is law. The good news for the wine industry is that the Craft Beverage Modernization and Tax Reform Act which WineAmerica advocated is included as part of the broader measure. The bad news is that our part of the bill "sunset", or expires, on December 31, 2019--in two years--unless it is made permanent or at least extended. The other good news is that YOU can help."

What's In It:

"The CBMTRA significantly reduces federal excise taxes on wine, beer, and spirits through a series of tax credits and other measures. For table wine, the excise tax remains at \$1.07 per gallon. But there's a credit of \$1.00 on each of the first 30,000 gallons produced, making the effective tax rate 7 cents instead. For the next 100,000 gallons, the credit is 90 cents (meaning a 17 cents effective rate), and then 53.5 cents on the next 620,000 gallons (i.e., 53.5 cents effective rate), with a cap at 750,000 gallons and maximum potential savings of \$451,700. Every gallon above 750,000 is subject to the full \$1.07 rate. The Small Producer Tax Credit which was passed in 1991 benefited only relatively small wineries, whereas wineries of all sizes will now receive savings. In addition, the legal alcohol level for table wine is increased from 14% to 16%; the credits may be applied to sparkling wines (but not both table and sparkling wines by the same winery); and there are other provisions which could encourage new product development. Past legislative successes involving WineAmerica have already been saving small wineries a lot of money for years: A winery that sells 10,000 gallons in a year has been saving more than \$10,000 annually due to a combination of the small producer exemption, repeal of the Special Occupational Tax, and repeal of the federal bond requirement. Those savings will now go up--and will no longer just apply to small wineries."

How Did it Happen?

"Through a ton of hard work over several years, and a great coalition. WineAmerica is the National Association of American Wineries focused on grassroots public policy advocacy to protect and enhance the business climate for the American wine industry. Wine Institute represents only California wineries, but has national reach and influence both in Washington and state capitols across the country. They are a great partner. (Family Winemakers of California is another great partner with whom we have a joint membership program, but their focus is primarily on in-state issues decided in Sacramento.) We also partnered with Beer Institute, the Brewers Association, the American Craft Spirits Association, and the Distilled Spirits Council, creating a great combination of communication and collaboration. As I have said for the past 35 years: Diversity is our Strength. Unity is our Power. From WineAmerica's perspective, Vice Presidents Michael Kaiser and Tara Good, and our government affairs counselors Larry Meyers and Fran Boyd of Meyers & Associates, tirelessly walked the halls of Congress and reached out to WineAmerica members to help recruit co-sponsors from many states--a huge bipartisan coalition of 304 House and 55 Senate members. It didn't happen overnight; major legislation never does. We've been working on this for a good three years, and now it's finally here. Patience is a virtue. Perseverance is a necessity."