



Federal Issues Overview

Washington Grape and Wine Issues Caucus

**November 9, 2016
Yakima Convention Center
Yakima, Washington**



WineAmerica Government Affairs Committee

- *Michael Walker, Constellation Brands (Committee Chair)**
- *Kevin Atticks, Maryland Wineries Association*
- *Debra Dommen, Treasury Wine Estates, CA*
- *Jerry Douglas, Biltmore Estate Wine Company, NC*
- *Peter Hoffher, St. James Winery, MO*
- *Max McFarland, Mac's Creek Vineyards and Winery, NE*
- *Cord Switzer, Fredericksburg Winery, TX*
- *Carolyn Wasem, Jackson Family Wines, CA*
- *Donniella Winchell, Ohio Wine Producers Association*

*Owner of Hogue Cellars and Charles Smith Wines



2015-2016 Victories

- **COOL Repeal:** Prevented disruptive tariffs on wine
- **TTB Funding:** Secured \$5 million in funding for label approval
- **MAP Funding:** Secured complete funding for Market Access Program
- **TTB Bond Waiver:** Secures passage of bonding waiver for small wineries in FY 2016 Omnibus Appropriations Bill
- **Music Consent Decree:** Prevented Fractalized licensing



Current Issues- Excise Tax Reform

Craft Beverage Reform and Tax Modernization Act



- Working in coalition of alcohol industry partners
- 53 Senate and 284 House sponsors
- Passage in FY 2017 Omnibus Appropriations Bill?
 - \$1.00 Credit on first 30,000 gallons produced (current table wine tax rate is \$1.07 per gallon)
 - \$.90 Credit on gallons 30,001 to 130,000
 - \$.535 Credit on gallons 130,000 to 750,000
- Full tax paid on wine production 750,001 and higher
- Can be applied to sparkling wine
- Increases table wine alcohol threshold to 16% alcohol by volume
- Increases carbonation tolerance to 0.64 gram of carbon dioxide per hundred

milliliters for low alcohol wines and mead



Music Licensing - What is it?



Music Licensing



- **Federal: Sensenbrenner Bill**
 - Central database
 - Safe harbor
- **State Level Bills**
 - Focuses on business practices of PROs
 - Aligns with Sensenbrenner bill on database
- **Business to Business Negotiations**
 - Code of conduct
 - Changing existing licenses



International Trade



- TPP: Dim prospects in “lame duck” and next Congress
- TTIP: Proposed agreement with EU, want to maintain 2006 agreement on semi-generic names and traditional terms



USPS Shipping



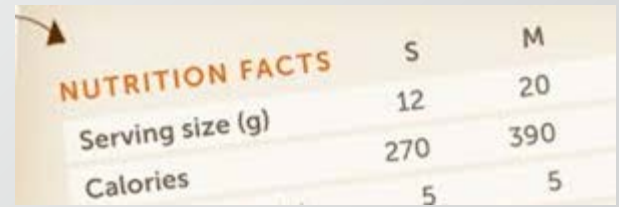
- Annual bill introduced by Rep. Jackie Speier (D-CA)
- Would create USPS shipping in vein of UPS and FedEx
- USPS would have to comply with state laws
- WineAmerica supports

GMO Labeling

- Mandatory labeling bill signed into law in June
- Creates federal standard
- Alcohol explicitly exempted
- Wine labels not impacted



FDA Menu Labeling



NUTRITION FACTS		
	S	M
Serving size (g)	12	20
Calories	270	390
	5	5

- Alcohol not exempted from rule
- Chain restaurants of 20 or more
- Burden on covered establishments: USDA database
- Fully implemented in April 2017

Marijuana

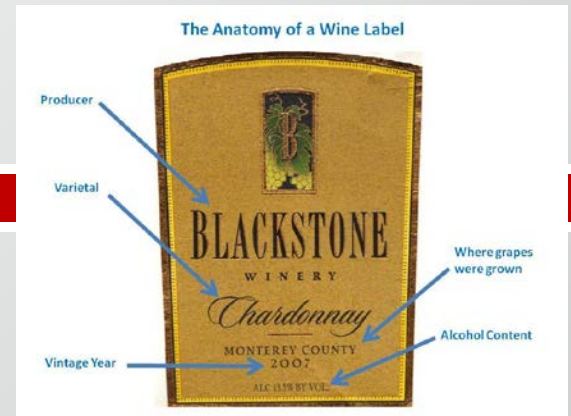


- Referendums in Arizona, California, Maine, Massachusetts and Nevada in 2016
- WineAmerica monitoring impact



TTB Notice No. 160

- Notice of Proposed Rulemaking
- Would change rules for “COLA Exemptions”
- Exemptions could no longer use a varietal designation, vintage date, and appellation of origin if not in compliance with standard labeling rules
- Initiated by Members of Congress
- “For sale in __ Only”
- WineAmerica has taken a neutral stance
- Comments accepted until December 7, 2016





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