

ALCOHOL, QUALITY, CONSUMER PREFERENCE & THE NEW TAX LAW



INTENTIONAL FROM GRAPE TO GLASS
2019 CONVENTION AND TRADE SHOW
KENNEWICK, WA

ANNOUNCEMENTS, AGENDA & REMINDERS

- ❑ **PLEASE SILENCE CELL PHONES** 😊
- ❑ Speaker Change – Scott Frost
- ❑ www.sustainablewineandgrape.org – New platform for VineWise/WineryWise
- ❑ Review alcohol management for large & small scale winemaking
- ❑ Technical Information on when to dealc, how to do it, and what it costs...including other quality implications.
- ❑ Current research on ripening impact of sensory perception on Cabernet Sauvignon, Merlot, and Syrah.
- ❑ Alcohol “sweet spotting” trial.
- ❑ Discussion with question and answer.

REVIEW & UPDATE ON THE TAX LAW.....

- ❑ **DECEMBER 2017**: CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT (CBMTRA) SIGNED INTO LAW AS PART OF THE TAX CUTS AND JOBS ACT

- ❑ TTB IMPLEMENTATION OF TAX CREDITS ON WINE REMOVED IN **2018** AND **2019**
 - ❑ TAX CREDITS FOR WINERIES OF ALL SIZES, TABLE WINE TAX CLASS THRESHOLD TO 16% FROM 14%, ALLOWANCE OF CREDITS ON SPARKLING WINE, INCREASED CARBONATION TOLERANCE FOR LOW ALCOHOL WINES.
 - ❑ \$1.00 credit for the first 30,000 wine gallons produced
 - ❑ \$0.90 credit for the next 100,000 gallons produced (30,001 – 130,000)
 - ❑ \$0.535 credit for the next 620,000 wine gallons produced (130,001 – 750,000)

REVIEW & UPDATE ON THE TAX LAW.....

- ❑ TAX CREDITS SET TO EXPIRE ON **DECEMBER 31, 2019**
- ❑ **FEBRUARY 2019:** THE CBMTRA OF 2019 WAS INTRODUCED AS THE 3RD BILL SINCE 2015.
- ❑ THE NEW BILL MAKES TAX CUTS PERMANENT, AND WILL RETROACTIVELY FIX IMPLEMENTATION ISSUES WITH THE BILL THAT IMPACTED BOND TO BOND TRANSFERS. IT DOES NOT ADDRESS ISSUES WITH CUSTOM CRUSH.
- ❑ CURRENT BIPARTISAN SUPPORT OF 56 SENATORS.
- ❑ NEED TO ATTACH BILL TO LARGER LEGISLATION TO SECURE PASSAGE. THE HOUSE VERSION OF THE BILL TO BE INTRODUCED THIS WEEK.

THAT BEING SAID.....

- Response to tax law from production perspective. What is the impact?
- Alcohol is one of the largest chemical components that impacts the wine matrix many significant ways....yet we rarely focus on it.
- Chemical and sensory impacts of alcohol management.....
- Consumer preference? Has there been a shift?

THANK YOU

- ❑ WA WINGROWERS & SPONSORS
- ❑ KENDALL MIX, Wahluke Wine Company
- ❑ ARYN MORELL, A. Morell Wines
- ❑ DARREN MICHALES, Laffort USA
- ❑ SCOTT FROST, WSU Tri Cities
- ❑ LEAH ADINT, Chateau Ste. Michelle
- ❑ CHATEAU STE. MICHELLE, Canoe Ridge, Patterson WA