

Federal Excise Tax Reform

- 1) Simplification and Expansion of the Small Producer Tax Credit: the tax rates paid on annual production for all wineries regardless of size would be as follows:**
 - a. \$.07 per gallon on the first 30,000 gallons produced
 - b. \$.17 per gallon on production from 30,001 to 130,000 gallons
 - c. \$.535 per gallon on production from 130,001 to 750,000 gallons
 - d. \$1.07 per gallon on all production above 750,000 gallons

- 2) Increasing the Alcohol by Volume (ABV) limitation for the \$1.07 Tax Rate from current 14% to 16%**

- 3) Increasing the Allowable Carbonation Limit for Still Wine**
 - a. From 3.92 grams/liter up to 6.4 grams/liter which mirrors the proposed increase for cider.

- 4) Reducing the Tax Rate for Sparkling Wine**
 - a. Allows wineries that produce sparkling wine access to the smaller producer tax credit in the same fashion as wineries that produce still-wine have access to the tax credit now.

- 5) Allows full deductibility of vine grafting and replanting costs allowable in the year those expenses are incurred effective Sept. 27, 2017 through Jan. 1, 2024. The level of deductibility then goes down annually until it reaches 20% on Jan. 1, 2027.**