

2009 TTB Expo Presentation

TTB and the Wine Industry

Presented by
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Overview

- Regulated Operations
- Compliance Concerns
- This Week's Agenda

Regulated Operations

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- Bonded Wine Premises:
 - Bonded Wineries
 - Bonded Wine Cellars
- Taxpaid Wine Bottling Houses
- Alternating Proprietors
- Alternating Premises

Regulated Operations (Continued)

- Wholesalers
 - Custom Crush Customers
 - Exporters
- Importers
- Vinegar Plants, Volatile Fruit-Flavor Concentrate Plants

Where Are the Wine Premises?

- In All 50 States
- **6,250** Bonded Wine Premises, TPWBH, VP, Experimental Wineries (1/1/09)
- Largest Wine Premises States:

California	45% of premises
New York, Oregon, Washington	21%
All Other States	34%

2008 Growth

- 625 wine premises qualified in 2008
- New premises in 40 States
- 1,250 Alternating Proprietors at over 330 addresses at end of 2008 (20% of industry)

Where is Wine Produced?

- In All 50 States
- **638.5** million gallons produced 2008
- Largest Wine Producing States:

California	88% of volume
New York, Oregon, Washington	9%
All Other States	3%

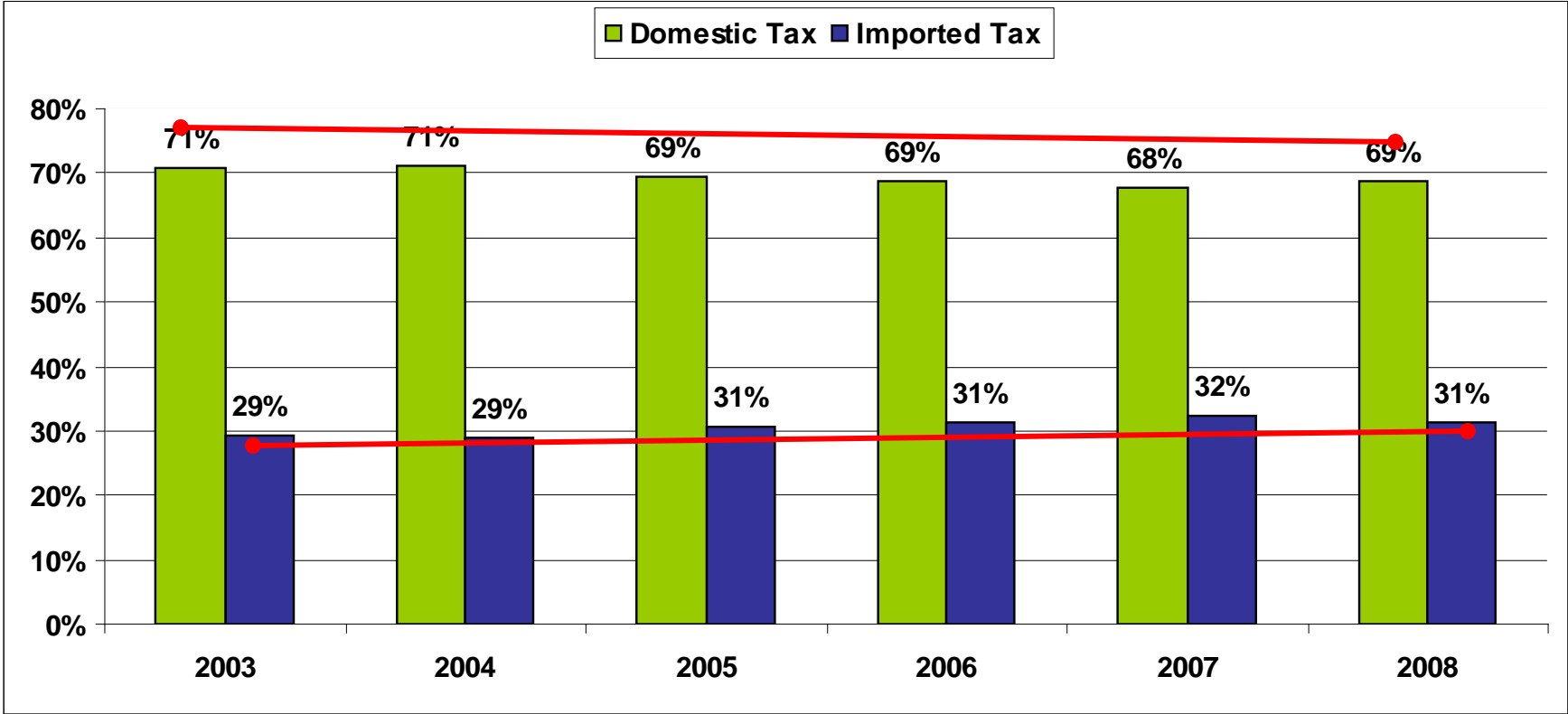
Wine Excise Tax Collections

Wine Tax = 5% of Alcohol and Tobacco Tax

Wine Tax = 9% of Alcohol Excise Tax

(Mil \$\$)	2003	2004	2005	2006	2007	2008
Domestic	\$536.5	\$555.7	\$566.3	\$578.8	\$597.3	\$607.6
Imported	\$220.8	\$225.1	\$249.2	\$264.1	\$285.9	\$275.3
Total	\$757.3	\$780.8	\$815.5	\$841.9	\$883.2	\$882.9

Wine Excise Tax Collections (Continued)



Wine Exports 2008

- 125 mil gallons exported to 111 countries*
- 61% to United Kingdom, Canada and Italy*
- 56% bottled, 44% bulk*
- +/- 135 in-bond exporters
- Tax Value = \$ 145 million

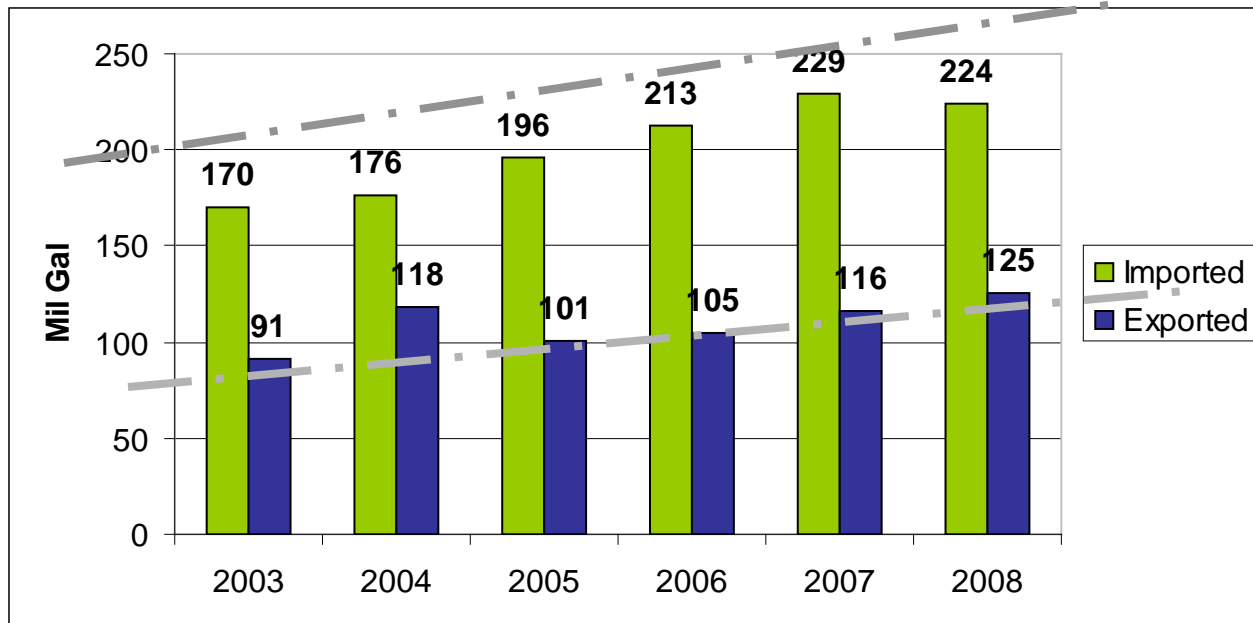
*** Source: USDA Foreign
Agricultural Service**

Wine Imports 2008

- 224 mil gallons imported from 68 countries*
- 63% from Italy, Australia, France*
- 86% bottled, 14% bulk*
- Tax Value = \$ 275 million
- Imported Wine = (est.) 26% of US consumption

*** Source: USDA Foreign
Agricultural Service**

Imports and Exports



* Source: USDA Foreign Agricultural Service

Compliance Concerns

Compliance Concerns

- Recordkeeping, Inventories, Reporting
- Labeling:
 - Wine bottled before obtaining COLA
 - Insufficient support for optional label statements
 - Alcohol content misstated on label
- Taxes:
 - Incorrect use of Small Producer Credit
 - Insufficient support for untaxpaid removals

Compliance Concerns (Continued)

- Production prior to TTB and State qualification
- Wineries that allow people to use their equipment and facilities to make their own brands
- Not recording production of custom crush wine
- Home winemaking operations on bonded wine premises

TTB Offices

- Headquarters Operations:
 - Advertising, Labeling and Formulation Division (ALFD)
 - Scientific Services Division (SSD)
 - International Trade Division (ITD)
 - Regulations and Rulings Division (RRD)

TTB Offices

- Field Operations:
 - National Revenue Center –
 - Subsequent Applications, Amendments,
 - Reports, Tax Returns, Claims
 - Trade Investigations Division – Product Integrity Investigations
 - Tax Audit Division – Audits of large taxpayers

This Week's Agenda

What's on the Agenda?

Today – Wednesday, June 24:

- Wine Laws
- Qualification as a Bonded Wine Premises
- Changes to Report Regarding Your Bonded Wine Operations
- Labeling Essentials for Domestic Wine

What's on the Agenda? (Continued)

Tomorrow – Thursday, June 25:

- Direct-to-Consumer Wine Shipping
- Lowering the Alcohol Content of Wine
- Labeling Essentials for Imported Wine
- Wine Treating Materials and Processes
- Laboratory Techniques for Small Wineries

What's on the Agenda? (Continued)

Friday, June 26:

- Wine Alternation and Custom Crush Arrangements
- Wine Premises Recordkeeping
- Wine Premises Reports
- Wine Excise Tax and the Small Domestic Producer Credit

Contact Information

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