



To: Special Committee on Liquor Law Modernization  
 Date: November 5, 2021  
 Re: Different U.S. and Kansas Excise Tax Threshold on Wine

Dear Chairman Barker and members of the Special Committee on Liquor Law Modernization:

During oral testimony before the committee on October 7, 2021, Tyler Rudd of the Wine Institute briefly discussed the recent change in federal law regarding the alcohol by volume (ABV) threshold for the federal excise tax rate on wine. As a group, the undersigned alcoholic beverage industry stakeholders support a change in Kansas law to conform to the current federal law.

Under previous federal law, the federal excise tax rate on wine was based on the ABV of the wine, with one tax rate on wines of 14% or less ABV, and a different tax rate on wines with above 14% ABV. Recently, Congress permanently changed this ABV threshold. In 2020, Congress passed the Consolidated Appropriations Act of 2021 that made permanent the Craft Beverage Modernization and Reform Act (CBMRA), an Act passed on a temporary basis in the 2017 Tax Cuts and Jobs Act. One portion of the CBMRA increased the ABV threshold on wine from 14% to 16%. This change reflects how, over the last 20-30 years, the ABV on table wine has – for various reasons – increased from 14% and below to upwards of between 15 and 16 percent. Congress recognized this evolution in wine and adapted its tax laws to reflect it.

Like the previous federal excise tax rate, Kansas has the same ABV threshold for its excise tax on wine. As written in KSA 501(b)(1), wine “containing 14% or less alcohol by volume” is taxed at one rate, while wine “containing more than 14% alcohol by volume” is taxed at a different rate. As understood on the federal level, a large majority of red table wines are now between 14 and 16 percent ABV, so we believe the Kansas ABV threshold for wine should match the federal levels. KSA 501(b)(1) would simply need to be amended to change the “14%” to “16%.”

Each of the undersigned alcoholic beverage industry stakeholders is supportive of increasing the ABV on wine for Kansas excise tax purposes. We ask, encourage, and recommend the committee to consider the change to the aforementioned Kansas law to match the federal law levels of ABV on wine.

Many thanks,

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