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WINE & SPIRITS
WHOLESALE ASSOCIATION

February 18, 2015

To: House Committee on Federal and State Affairs
From: R.E. "Tuck" Duncan, Kansas Wine & Spirits Wholesalers Association
RE: HB2332

The Kansas Wine & Spirits Wholesalers opposes HB2332, Authorizing microbreweries to manufacture and sell hard cider and mead. Here are a few FAQs from the U.S. Alcohol Trade and Tax Bureau related to the subject matter of this bill.

CID1: What is "cider"?

When used generally in these FAQs, the terms "cider" and "hard cider" refer to wine fermented from apples (including apple juice or concentrate). However, the terms have different meanings under the Internal Revenue Code of 1986, as amended (IRC) and the Federal Alcohol Administration Act (FAA Act), as set forth further in these FAQs.

CID30: Do I need to obtain a permit from TTB to produce apple wine (cider) for commercial purposes?

Yes. If you are producing wine (including cider) at least 0.5 percent alcohol by volume for commercial purposes, you must first establish winery premises, obtain a bond, and receive permission from TTB to operate. (See 27 CFR part 24, subpart D.) In addition, the FAA Act requires anyone wishing to engage in the business of producing or blending wine (including cider) that contains not less than 7 percent alcohol by volume must first obtain a basic permit from TTB. (See 27 CFR part 1.) A basic permit under the FAA Act is not required for producers who only make wine less than 7 percent alcohol by volume. For more information on qualification requirements, see http://www.ttb.gov/wine/federal_app.shtml.

HW26: May a brewer produce honey wine (mead) on brewery premises?

No. TTB regulations at 27 CFR 25.23 do not permit production of wine (including mead) on brewery premises.

HW27: I would like to blend honey wine (mead) and beer. Is that permitted under TTB regulations?

No. Under Federal law & TTB regulations, blending of wine (including mead) and beer is not an authorized operation at a winery (see 27 CFR 24.101) or a brewery (see 27 CFR 25.23). Under TTB regulations, beer must be brewed from malt or a substitute for malt. However, a brewer may use honey as an adjunct in fermentation of beer on brewery premises, subject to regulations. (See 27 CFR 25.15(a).)

Wineries make wine which includes mead and cider. We have mead producers in Kansas. Microbreweries make beer and malt beverages. Each must abide by certain federal and state regulations. It is clear the federal regulations are not conducive to the intent of this bill. If a person wants to make a beer product operate a brewery premises. If one wants to make wine, then make that choice. K.S.A. 41-311(f) does not prevent a person who wants to produce all products from getting both a microbrewery license and a farm winery license, provided they meet federal requirements as well.

For these reasons we oppose this bill and ask that it not be recommended favorable for passage. Thank you for your attention to and consideration of this matter.