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March 8, 2022

SENT VIA ELECTRONIC COMMUNICATION

Representative Thomas Stevens
Chairman, House Committee on General, Housing, and Military Affairs
tstevens@leg.state.vt.us

Representative Matthew Birong Jr.
mbirong@leg.state.vt.us

Dear Representatives Stevens and Birong,

RE: Wine Institute's Opposition to HB 178

I am writing to inform you that Wine Institute today adopted a new national policy related to the reclassification of spirits based Ready to Drink (RTD) products. As a result, I wish to clarify that Wine Institute is opposing House Bill 178, a proposal that would reduce the tax rate on spirits based RTDs.

Over the course of the last twelve months, the issue of RTD reclassification, which began in just a handful of states, has spread dramatically and is now being considered in more than a dozen states. There is no consistency to the proposals, with both the tax rates and Alcohol by Volume (ABV) rates varying wildly from one proposal to the next. In order to respond effectively to the myriad proposals being made, our Board of Directors voted today, March 8, 2022, to adopt a single policy that would apply to our position in all of the states. Our new position is as follows:

WI Position on legislation to reduce the tax on distilled spirits based RTDs:

- ABV must be 5% or under.
- New 5% or under ABV distilled spirits based RTD tax rate must be significantly higher than wine.
- Wine must get a tax reduction too.
- If done in accordance with these three principles, WI will not oppose efforts to expand the retail distribution options for distilled spirits based RTDs.

As neither the proposed ABV nor the tax rate in HB 178 for spirits based RTDs meet these requirements, Wine Institute is thus opposing the legislation.

Wine Institute appreciates the time and effort that has gone into trying to work out a compromise from the language originally introduced in 2021. When our lobbying team entered into those negotiations on our behalf, none of us had any idea that the eventual scope of the RTD reclassification issue would necessitate our board creating this new policy position. Our policy-making process is member driven through our committee and board structure, which takes time and deliberation. We informed our Vermont lobbying team of this new position just last week as it was approved by our Public Policy Committee for presentation to the board. Now that it has been officially adopted by our board, I am sharing it with you and other policy makers in Vermont.

It is always our wish to provide as much consistency as possible in the public positions that we take on bills. In this particular instance, the broader implications of the tax equivalency campaign being undertaken by DISCUS as a part of the RTD reclassification has necessitated our members to reevaluate our previous statements and positions. For that reason, I felt it was important that I share this information with you directly rather than asking our local lobbying team to inform you of the change. We respect and value the relationships that our representatives have with you and your colleagues, and we want to make it clear that these policy clarifications are coming from our Association with the knowledge that it is putting our local advocates in an awkward position due to the concessions that were made on our behalf during the previous negotiations. While we appreciate the concessions that have been offered, we are still in the position of having to oppose the bill as the RTD components don't meet our new policy.

I thank you for considering our opposition to HB 178.

Respectfully,



Steve J Gross
Vice President, State Relations

Cc: (via email)

Rep. Joseph Trolano, Vice Chair, ctroiano@leg.state.vt.us chiptroiano@gmail.com

Rep. Barbara Murphy, Ranking Member, bmurphy@leg.state.vt.us

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