

TYPES OF FLAVORS PERMITTED TO BE USED IN THE PRODUCTION OF SPECIAL NATURAL WINES

August 27, 1976.—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 8283]

The Committee on Finance, to which was referred the bill (H.R. 8283) to amend the Internal Revenue Code of 1954 with respect to the type of flavors which may be used on bonded wine cellar premises in the production of special natural wines, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. SUMMARY

The bill (H.R. 8283) authorizes the Secretary of the Treasury to permit flavorings other than natural flavorings to be used on bonded wine cellar premises in the production of special natural wines.

II. GENERAL STATEMENT

PRESENT LAW

Under present law, for purposes of the Internal Revenue Code provisions relating to cellar treatment and classification of wines (secs. 5381-5388), special natural wines may be made with the addition (before, during, or after fermentation) of natural flavoring, including natural herbs, spices, fruit juices, aromatics, or essences. Flavorings other than natural are not permitted to be used in producing special natural wines.

REASONS FOR CHANGE

The processing of natural flavorings, particularly those flavorings of a delicate nature, often destroys some of their desired end-product flavor. As a result of technological improvements, it has become possible, in a number of cases, to use artificial flavorings to restore the de-

sired characteristics. However, addition of flavorings other than natural flavorings are precluded under present law.

In order to remove this impediment to improvements in the characteristics of wines, the committee has approved this bill, which authorizes the Treasury Department to permit the use of flavorings others than natural flavorings.

EXPLANATION OF PROVISION

The bill authorizes the Treasury Department to permit the use of flavorings other than natural flavorings in the production of special natural wines.

Under the bill, the Treasury Department would establish the circumstances under which any such flavoring could be used. The committee understands that only small amounts of such flavorings would be authorized by the Treasury Department to be used for special natural wines.

This bill does not affect the circumstances under which natural herbs, spices, fruit juices, aromatics, and other natural flavorings may be used in producing these wines.

EFFECTIVE DATE

The changes made by this bill are to apply to uses of flavorings after the bill's enactment. However, since uses of flavorings other than natural flavorings are not permitted unless authorized by the Treasury Department, as a practical matter such uses would not be permitted until the Treasury Department has given its authorization.

III. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill. The committee estimates that this bill will not have any direct revenue effect. The Treasury Department agrees with this statement.

IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote of the Committee on reporting this bill. This bill was ordered favorably reported by the Committee by voice vote.

V. CHANGES IN EXISTING LAW MADE BY THE LAW

In compliance with paragraph 4 of rule XXIX of the Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

INTERNAL REVENUE CODE OF 1954

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SUBTITLE E—ALCOHOL, TOBACCO, AND CERTAIN OTHER EXCISE TAXES

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CHAPTER 51—DISTILLED SPIRITS, WINES, AND BEER

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SUBCHAPTER F—BONDED AND TAXPAID WINE PREMISES

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PART III—CELLAR TREATMENT AND CLASSIFICATION OF WINE

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SEC. 5386. SPECIAL NATURAL WINES.

(a) IN GENERAL.—Special natural wines are the products made, pursuant to a formula approved under this section, from a base of natural wine (including heavy-bodied blending wine) exclusively, with the addition, before, during or after fermentation, of natural herbs, spices, fruit juices, aromatics, [essences, and other natural flavorings] *essences, and other natural flavorings, and other flavorings approved by the Secretary or his delegate*, in such quantities or proportions as to enable such products to be distinguished from any natural wine not so treated, and with or without carbon dioxide naturally or artificially added, and with or without the addition, separately or in combination, of pure dry sugar or a solution of pure dry sugar and water, or caramel. No added wine spirits or alcohol or other spirits shall be used in any wine under this section except as may be contained in the natural wine (including heavy-bodied blending wine) used as a base or except as may be necessary in the production of [approved essences or similar approved flavorings] *flavorings permitted to be added*. The Brix degree of any solution of pure dry sugar and water used may be limited by regulations prescribed by the Secretary or his delegate in accordance with good commercial practice.

(b) CELLAR TREATMENT.—Special natural wines may be cellar treated under the provisions of section 5382 (a) and (c).

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