

Alcohol and Tobacco Tax and Trade Bureau Update

The Homeland Security Act of 2002 divided the Bureau of Alcohol, Tobacco and Firearms into two new agencies, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, which will move to the Department of Justice, and the Alcohol and Tobacco Tax and Trade Bureau (TTB), which will remain in the Department of the Treasury. This division is effective January 24, 2003.

The newly created TTB will, as ATF did before it, administer and enforce the existing Federal laws and tax code provisions related to the production and taxation of alcohol and tobacco products. These taxes amount to approximately \$15 billion in excise taxes including \$100 million in occupational tax on the manufacture of firearms and ammunition.

In practical terms, alcohol producers and wholesalers, as well as tobacco manufacturers, importers, and exporters, will see little or no change beyond the name of the agency. TTB will continue collecting Federal alcohol and tobacco excise taxes and classifying alcohol and tobacco products for excise tax purposes. TTB will also investigate applications and issue permits for the operation of distilleries, wineries, and breweries, and for tobacco manufacturers, importers and exporters. In addition, we will continue Federal regulatory oversight of the operations of various industrial users of distilled spirits, including manufacturers of non-beverage products, tax-free, and denatured alcohols.

Protecting the consumer remains a major function under TTB through the regulation of the production, packaging, bottling, labeling and storage of alcohol and tobacco products. TTB will ensure that alcohol beverage labeling and advertising provides adequate information to consumers concerning the identity and quality of the products. We will continue to prevent the misleading labeling or advertising of alcohol beverages.

TTB will also ensure fair trade practices by regulating the marketing and promotional practices of alcohol beverage producers and wholesalers. As was the case under ATF, this is done primarily through the investigation of allegations of illegal trade practices.

TTB will also continue enforcement of the Alcohol Beverage Labeling Act, which mandates that a government warning statement appear on all alcohol beverages held for inter-State sale or distribution in the United States.

As we make this organizational change, our commitment to serving the regulated industries will remain fair and professional and will be one of the continued accomplishment. Additional information about the new TTB will be forthcoming and, if you have any questions, you may contact us at (202) 927-8100.