



Congress of the United States
House of Representatives
Washington, DC 20515-3222

August 20, 2024

Thomas A. Barthold
Chief of Staff
Joint Committee on Taxation
United States Congress
Washington, DC 20515

Dear Mr. Barthold,

I am writing to request a detailed analysis from the Joint Committee on Taxation regarding the budgetary effects of certain alcohol subsidies. Section 5010 of the Internal Revenue Code (IRC) offers a credit for wine and flavors in distilled spirits against the standard excise tax imposed on distilled spirits. According to the Government Accountability Office's September 1990 report, this credit has incentivized producers to use wine and flavors in products that reduce the cost of the product by 200 percent. It is also noted that industry officials have said, "these ingredients are sometimes added to obtain the tax benefits, rather than in response to product requirements, market demand or cost."¹

The document also cites the enactment of the credit as having caused federal revenue losses of about \$90 million annually. Further, there are no other public documents detailing the cost of the 5010 credits to the Federal government since 1990.

Specifically, I am interested in understanding the budgetary impact of repealing Section 5010 of the Internal Revenue Code (IRC). Please provide the budgetary effects of these proposed changes on outlays, revenues, and the deficit for each fiscal year within the ten-year budget window, as well as the cumulative five and ten-year estimates. This information is critical for evaluating the potential impacts of reform proposals on the federal budget and ensuring that any changes are fiscally responsible.

Thank you for your attention to this matter. I look forward to your prompt response and the Committee's analysis.

¹ <https://www.gao.gov/assets/ggd-90-123.pdf>

Sincerely,

Claudia Tenney

Claudia Tenney
Member of Congress