

Jack Daniel's Fights Changes to Tenn. Whiskey Law

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In this May 20, 2009, file photo, Jeff Arnett, the master distiller at the Jack Daniel Distillery in Lynchburg, Tenn., tests the aroma of whiskey at the distillery. Jack Daniel's is fighting efforts in the state Legislature to dial back the legal definition of Tennessee whiskey, including a provision that requires the spirit to be aged in new oak barrels. (AP Photo/Mark Humphrey, File)

NASHVILLE, Tenn. (AP) — If it isn't fermented in Tennessee from mash of at least 51 percent corn, aged in new charred oak barrels, filtered through maple charcoal and bottled at a minimum of 80 proof, it isn't Tennessee whiskey. So says a year-old law that resembles almost to the letter the process used to make [Jack Daniel's](#) [1], the world's best-known Tennessee whiskey.

Now state lawmakers are considering dialing back some of those requirements that they say make it too difficult for craft distilleries to market their spirits as Tennessee whiskey, a distinctive and popular draw in the booming American liquor business.

But the people behind Jack Daniel's see the hand of a bigger competitor at work — Diageo PLC, the British conglomerate that owns George Dickel, another Tennessee whiskey made about 15 miles up the road.

"It's really more to weaken a title on a label that we've worked very hard for," said Jeff Arnett, the master distiller at the Jack Daniel's distillery in Lynchburg, Tenn. "As a state, I don't think Tennessee should be bashful about being protective of Tennessee whiskey over say bourbon or scotch or any of the other products that we compete with."

Republican state Rep. Bill Sanderson emphasized that his bill wouldn't do away with last year's law enacted largely on the behest of Jack Daniel's corporate parent,

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Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

Louisville, Ky.,-based Brown-Forman Corp. The principal change would be to allow Tennessee whiskey makers to reuse barrels, which he said would present considerable savings over new ones that can cost \$600 each.

"There are a lot of ways to make high-quality whiskey, even if it's not necessarily the way Jack Daniel's does it," Sanderson said. "What gives them the right to call theirs Tennessee whiskey, and not others?"

Sanderson acknowledged that he introduced the measure at Diageo's urging, but said it would also help micro distilleries opening across the state. Diageo picked up on the same theme.

"This isn't about Diageo, as all of our Tennessee whiskey is made with new oak," said Diageo executive vice president Guy L. Smith IV. "This is about Brown-Forman trying to stifle competition and the entrepreneurial spirit of micro distillers.

"We are not sure what they are afraid of, as we feel new innovative products from a new breed of distillers is healthy for the entire industry," he said.

Jack Daniel's last year sold 11.5 million cases of its Black Label last year, a 5 percent increase from 2012. Dickel, the second-largest Tennessee whiskey producer, sold 130,000 cases in 2013.

The standards and special branding of Tennessee whiskey are an outgrowth of the special designation granted long ago to bourbon. A half-century ago, Congress declared bourbon a distinctive product of the United States. By law, bourbon must be made of a grain mix of at least 51 percent corn, distilled at less than 160 proof, have no additives except water to reduce the proof and be aged in new, charred white oak barrels.

Spirits that don't follow those guidelines can't be sold as bourbon. One example is Brown-Forman's own Early Times, which is marketed as a "Kentucky whisky" because it is made in reused barrels.

Billy Kaufman, the president Short Mountain Distillery in Woodbury, Tenn., said it is more difficult to distinguish spirits not meeting the Tennessee standard.

"If I made whiskey in Tennessee in a used barrel, what it would be called then?" he said. "Whiskey, made in Tennessee?"

David McMahan, a lobbyist representing Dickel and Popcorn Sutton Distilling, said the law passed last year would require all Tennessee whiskies to taste like Jack Daniel's.

"It's not unlike if the beer guys 25 years ago had said all American beer has to be made like Budweiser," McMahan said. "You never would have a Sam Adams or a Yazoo or any of those guys."

But Tennessee craft distillers are divided about the state law. Charles Nelson, the

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CEO of Nelson's Green Brier Distillery in Nashville, said he supports tighter regulation.

"Holding ourselves to a higher standard will ultimately be better for all the people in the category," he said. "If we lower the standards, it could lead to more products and brands that could lower the reputation of Tennessee whiskey."

Whiskey is clear when it goes into the barrel. It's during the aging process that the whiskey acquires color and flavors. Jack Daniel's Arnett said other distillers reusing barrels might resort to using artificial colorings and flavorings that wouldn't match the quality of the whiskey stored in new barrels.

"We've been making whiskey a long time, and we know that would not uphold the quality that people expect from Tennessee whiskey," he said. "So we wouldn't dare consider doing it, even though it would save us millions of dollars every year."

Jack Daniel's stores its whiskey in new barrels made at a Brown-Forman plant.

Sanderson argues that the flavor and color of the whiskey is determined more by the charring of the inside of the barrels, which he said is a process that can be repeated. Consumers would ultimately decide whether the end product matches up.

"If they're making an inferior product, the market will decide," he said.

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Schreiner reported from Frankfort, Ky.

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