

# BACK IN THE DAY

## BOTTLED-IN-BOND, AN OLD LAW FOR MODERN TIMES

BY CHUCK COWDERY

One of government's most basic jobs is ensuring that things we buy and use are what they claim to be. Rules enforced by various agencies regulate what can be said about food, medicine, stocks, bonds, insurance, the hidden contents of mattresses, and, of course, whiskey.

In the United States, regulation of whiskey marketing began with the Bottled-in-Bond Act of 1897. It is surprisingly lively for a 126-year-old law.

The Bottled-in-Bond Act has two parts. The 'bond' part is about taxes. The 'bottled' part is about marketing. Think: 'carrot' and 'stick.'

Technically, the hefty federal excise tax on distilled spirits was owed the moment liquid left the still. The Bottled-in-Bond Act said if you followed all the rules and kept the whiskey locked up while it matured, you didn't have to pay the tax until you took it out of the warehouse to sell it.

Good deal, but to get the tax break, you had to agree to the 'bottled' part. The words 'bottled-in-bond' or 'bonded' on a whiskey label mean the government vouches for the bottle's contents. That means everything is done "under government supervision" to ensure all whiskey therein was distilled at one distillery during a specific six-month period, is 100 proof (50% ABV), and was aged in new, charred oak for at least four years. It isn't a blend of whiskeys from different years or different distilleries, and it doesn't contain neutral spirit or anything else it shouldn't. Nothing has been added except water to adjust the proof.

Because the whiskey had to leave government custody in a sealed bottle, the new law's impact was limited. In 1897, glass bottles were still individually handmade and expensive. Although things were changing, most whiskey still left the distillery in barrels and was bottled for retail sale by either a wholesaler or retailer, although retailers still sold whiskey directly from the barrel too. More demand for bottles led to technological advances. Soon bottles were mass-produced and cheap, and liquids of all kinds—not just whiskey—were bottled for sale.

Although many whiskey makers and whiskey drinkers celebrated the Bottled-in-Bond Act, it didn't set the world on fire. Bonded whiskey was significantly more expensive. Many

couldn't afford it, and most didn't care, but it set a standard and people learned to trust it.

When Prohibition ended, many of the abuses that led to the Bottled-in-Bond Act and subsequent truth-in-labeling laws were eliminated. Bottling was mandatory and newer laws covered taxation and labeling. But when mature whiskey was in short supply, as it often was in the post-Prohibition WWII years, bonds became an easy way to spot "the good stuff," especially when you couldn't find your usual brand.

As America got deeper into the post-war boom, bottled-in-bond lost most of its relevance. Fewer people wanted 100-proof spirits. The most popular full-proof product was Wild Turkey, whose 101 proof was a poke in the eye to the whole system. Most producers dropped their bonded expressions. By the end of the 1980s, Old Grand-Dad Bonded was just about the only bond still in national distribution.

Then craft happened. Most craft distilleries want to make whiskey but quickly discover how expensive aging is. The amount of capital you need to put a four-year-old, house-made product on the market will make your head spin. An obscure provision of the bottled-in-bond rules suddenly became important. A bond *must* say where it was distilled *on the label*, using the distillery's government-issued identification number. It can't be faked. If you want to prove you are a real distillery committed to making and selling mature whiskey you made there yourself, you make a bond.

Once the craft distilling movement got underway, producing a bottled-in-bond whiskey became a rite of passage, a credential to separate makers from fakers, one of the ways you made your bones. It is still a small club.

Whiskey consumers have figured this out and bonds are suddenly popular. The big guys, who can put their own bonds out at the drop of a hat, are taking advantage. Not that that's a bad thing.

What was true 126 years ago is still. The words 'bottled-in-bond' don't guarantee the whiskey is good, just that it has a set of predictable characteristics that objectively should result in whiskey that is, at least, okay. The oversight system is well established and effective. With so many unfamiliar labels on the market and so many producers still playing fast and loose with their "stories," it's not a bad touchstone. †