

TESTIMONY

**To: The Honorable Ralph Ostmeyer, Chairman
and the Members of the Senate Committee for Federal & State Affairs**

**From: Dennis Reynolds, on behalf of
The Kansas Grape Growers & Winemakers Association**

Re: SB 379, regarding farm wineries; one year term of residency requirement

Date: February 10, 2016

**Kansas Grape Growers & Winemakers Association Position on SB 379
that would eliminate the one year term of residency requirement for
a farm winery license.**

The Kansas Grape Growers and Winemakers Association (KGGWA) is the oldest and largest organization supporting the Kansas grape and wine industry in Kansas. The KGGWA currently has over 90 members, consisting primarily of grape growers and farm winery owners. The organization recently held its 30th annual conference in Manhattan.

The KGGWA **supports** SB 379, which would eliminate the current one year term of residency requirement contained in K.S.A. 2015 Supp. 41-311. KGGWA views the current one year requirement as an unnecessary infringement on the ability to establish, acquire and/or sell Kansas farm winery businesses.

We believe the current one year residency requirement has a chilling effect on the ability of current farm winery owners to sell their businesses because it eliminates the pool of potential out of state buyers from consideration. We have seen from recent attempted sales of wineries that there was great interest from potential buyers from out of state who wanted to relocate to Kansas and buy mature farm winery business, but were prevented from doing so by the current one year residency requirement.

We also believe the current law has a chilling effect on the creation of new farm winery businesses. Starting a farm winery is capital intensive, requiring acreage for growing grapes as well as significant building and specialized equipment costs. Any governmental restriction on an owner's ability to sell their business down the road has a chilling effect on the initial willingness of the owner to invest in the business and of lenders to finance the project.

Thank you for consideration of this bill.

Respectfully submitted,

Dennis Reynolds,
President Kansas Grape Growers & Winemakers Assoc.
Owner, Somerset Ridge Vineyard & Winery, Paola