

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on March 19, 2008 in Room 423-S of the Capitol.

All members were present except:

Derek Schmidt- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department

Jason Thompson, Office of Revisor of Statutes

Matt Todd, Office of Revisor of Statutes

Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Tuck Duncan, General Counsel, Kansas Wine & Spirits Wholesalers Association

Whitney Damron, Kansas Grape Growers & Winemakers Association

Dr. John Brewer, Wyldewood Cellars

Philip Bradley, CEO, Kansas Licenses Beverage Association (KLBA)

Patrick DeLapp, Farm Owner

Gregory Shipe, Davenport Orchards, Vineyards and Winery

Rich Bryan, Chairman of the Education & Evaluation Committee, Kansas Viticulture & Farm

Winery Association (KVFVA)

Pep Solberg-Selvan, Bluejacket Crossing Vineyard & Winery

Les Meyer, Holy-Field Vineyard & Winery

Michelle Meyer, Holy-Field Vineyard & Winery and President, Kansas Viticulture & Farm Winery Association

Others attending:

See attached list.

The hearing on **HB 2908—Permits for farm wineries** opened.

Whitney Damron appeared on behalf of the Kansas Grape Growers & Winemakers Association. presented testimony in favor of **HB 2908 (Attachment 1)**. He said this bill would allow wineries to sell to temporary permit holders and allow the temporary bill holder to sell wine by the original unopened bottle, by the glass at the Kansas State Fair. This bill would also make the labeling requirements for Kansas farm wineries consistent with Federal labeling requirements. Mr. Damron said **HB 2908** would allow the Director of the Alcoholic Beverage Control to issue a permit allowing for sales by the bottle at farmer's markets.

Tuck Duncan, General Counsel, Kansas Wine & Spirits Wholesalers Association, testified in support of **HB 2908 (Attachment 2)**. His association supports the sale of this agricultural alcohol product at farmers markets. He said they also have no objection to the multiple ownership provision and support the sale of wine in its original, unopened container at the state fairgrounds during the fair by a person who has entered into an agreement with the state fair board for that purpose. Mr. Duncan also had some suggested amendments to the bill.

Dr. John Brewer, Wyldewood Cellars, gave testimony in support of **HB 2908 (Attachment 3)**. He said the modifications to the Farm Winery Law proposed by this bill will help the farm wineries bring their products to market and educate the public that there is a Kansas wine industry.

The proponents answered questions.

Philip Bradley, CEO, Kansas Licensed Beverage Association (KLBA) also spoke in favor of **HB 2908 (Attachment 4)**. He is neutral on the wine section of this bill because he represents microbreweries but noted that it is not possible at this time to get domestic contents for microbreweries.

Patrick DeLapp, Farm Owner, appeared in opposition to **HB 2908 (Attachment 5)**. He stated that one of the problems with this bill is the elimination of the 60% rule of using Kansas fruit. Mr. DeLapp also said that he

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on March 19, 2008 in Room 423-S of the Capitol.

is concerned about allowing a person who currently has a beneficial interest in a farm winery to have more than one (1) farm winery license.

Gregor Shipe, Davenport Orchards, Vineyards & Winery, spoke in opposition to **HB 2908** (Attachment 6). He suggested that the bill be sent to the Kansas Grape & Wine Advisory Council for evaluation.

Richard Bryan, Chairman of the Education & Evaluation Committee, Kansas Viticulture & Farm Winery Association (KVFWA), testified in opposition to **HB 2908** (Attachment 7), and specifically mentioned eliminating the use of Kansas grown produce from the Kansas Farm Winery Act.

Pep Solberg-Selvan, Bluejacket Crossing Vineyard & Winery, gave testimony in opposition to **HB 2908** (Attachment 8) and wants to maintain the 60% content of Kansas grapes for Kansas wine. He said there needs to be a specific and clear standard for the production of Kansas wines made from a majority of Kansas grapes.

Les Meyer, Holy-Field Vineyard & Winery, spoke in opposition to **HB 2908** (Attachment 9). He said if the grapes are not grown in Kansas then there is no Farm in Farm winery and that threatens our livelihood as a legitimate Farm Winery who is proud of their Kansas grown product.

Michelle Meyer, Holy-Field Vineyard & Winery and President, Kansas Viticulture & Farm Winery Association (KVFWA), opposed the amendments to **HB 2908** which would eliminated the requirement that wine produced by Kansas farm wineries use at least 60% of Kansas grown product in its production (Attachment 10). She said entities desiring to produce wine unhindered by Kansas content requirements should apply for a manufacturer's license, not a Kansas farm winery license. She also said the KVFWA opposes the amendment that would permit a person to own multiple Kansas farm wineries. Ms Meyer did support the remaining amendments.

Written testimony opposing **HB 2908** was submitted by:
George Hoff, Stone Pillar Vineyard (Attachment 11)
Francis Riley, (Attachment 12)
Everett DeHaven (Attachment 13).

Conferees answered questions from the Committee.

Meeting adjourned.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 3-19-08

NAME	REPRESENTING
Les Meyer	Holy Field Vineyard
Michelle Meyer	Holy-Field Vineyard & Winery, KVFWA
Richard Bryan	KANSAS Viticulture Assn
Terry Robbins	KANSAS Viticulture Assn
& Ariel Robbins	KANSAS Viticulture Assn
PATRICK DELAP	Public / Grover Livs in Topeka
Phil Wilkes	ABC
Greg Skyppe	Davenport Orchard & Vineyard
Jack Duncan	KS Wine & spirit industry
Jeri Jesch	PMCA of KS
Mr John A Brewer	Wylder wood cellars
Kevin Berone	Wylderwood cellars
SEAN MILLER	CAPITOL STRATEGIES
'PEP' SELVAN	BLUEJACKET CROSSING
Whitney Jamma	KS Grape Growers & Wineries Assn
PHO Bradley	KLBA
Dana Peterson	KAWGT
Sarah Larison	KDOC
Spencer Duncan	capitol Connection



TESTIMONY

TO: The Honorable Mark Taddiken, Chair
And Members of the Senate Committee on Agriculture

FROM: Whitney Damron
On behalf of the
Kansas Grape Growers and Winemakers Association

RE: HB 2908 – Permits for Farm Wineries

DATE: March 19, 2008

Good morning Chairman Taddiken and Members of the Senate Committee on Agriculture. I am Whitney Damron and I appear before you today on behalf of the Kansas Grape Growers and Winemakers Association in support of HB 2908, which makes several changes we believe, will be positive for the wine industry in Kansas and the consumer.

Mr. Norm Jennings, the President of Smoky Hills Vineyards & Winery presented testimony in support of HB 2908 before the House Agriculture and Natural Resources Committee. Mr. Jennings serves as the Vice President of the Kansas Grape Growers and Wine Makers Association and is the chair of the Grape and Wine Advisory Council. He regrets he could not be here today, but he is out of the country at this time.

In his testimony to the House Committee, Mr. Jennings noted that the changes to current law contained in HB 2908 are not a radical departure from the ways wineries are allowed to operate in many states and if adopted, will help Kansas wineries maintain a competitive stature with other states with a farm winery industry.

HB 2908 addresses several areas that when implemented, will have a positive impact on the grape and farm winery industry in Kansas, including:

- Allow wineries to sell to temporary permit holders. This amendment fixes the logistics problem that keeps the wines that are not currently available at retail from being offered at the Kansas State Fair. Currently the temporary permit holder must buy from a retailer with a wholesaler license. As only two wineries are available through retail stores, this leaves most Kansas wines out of the state fair and similar venues.

*Senate Agriculture Committee
3-19-08*

Attachment 1

919 South Kansas Avenue ■ Topeka, Kansas 66612-1210

(785) 354-1354 (O) ■ (785) 354-8092 (F) ■ (785) 224-6666 (M)

www.wbdpa.com ■ wbdamron@aol.com

- Makes the labeling requirements for Kansas farm wineries consistent with Federal labeling requirements. Example being a wine cannot be called a Kansas wine if it contains less than 75 percent of Kansas grown fruit.
- Allows the Director of the Alcoholic Beverage Control to issue a permit allowing for sales by the bottle at farmer's markets. This provision is similar to what is allowed in New York.
- Make the same statutory fix for farm wineries that was done for microbreweries last year that would allow more than one winery license and manufacturing location.
- Allow for the temporary permit holder at the state fair to sell, by the original unopened bottle, the wines that are sold by the glass.

These provisions contained HB 2908 are fully supported by the Kansas Grape Growers and Winemakers Association.

As drafted, HB 2908 also contains language on page two that strikes the requirement that a Kansas winery utilize 60 percent Kansas fruit. The Association is neutral on that proposed language. Our association supports the Kansas wine industry. However, grapes are a perennial crop that requires four years to produce. Limitations on content can serve to limit entry into this industry. For example, someone who wanted to enter into this industry with their own grapes would be required to wait for up to four years to grow grapes to make into wine. By allowing the use of out-of-state fruit could allow someone to begin production now while their vines are being planted, cultivated and brought into production. In summary, the members of the Kansas Grape Growers and Winemakers Association can see both sides to this issue and have taken a neutral position on this language.

Finally, the Association has reviewed Tuck Duncan's proposed amendments and we are in support of their inclusion in this bill.

On behalf of the Association, I thank you for your consideration of our comments here today and respectfully request your support of HB 2908.

WBD

Statement of
R.E. "Tuck" Duncan, General Counsel
March 19, 2008

The Kansas Wine & Spirits Wholesalers Association supports HB 2908.

We have no objection to extending sale to *holders of temporary permits as authorized by K.S.A. 2007 Supp. 41-2645, and amendments thereto.* (p.1 line 20).

We do not object to the removal of the requirement that not less than 60% of the products utilized in the manufacture of domestic table wine and domestic fortified wine by a farm winery shall be grown in Kansas provided that the label of domestic wine and domestic fortified wine shall be in *accordance with labeling requirements established by the United States department of treasury.* But you should adopt the amendment attached for clarity. Treasury regulations Title 27: Alcohol, Tobacco and Firearms, part 4—labeling and advertising of wine, Section 4.25 *provides that:*

(a) *Definition*—(1) *American wine.* An American appellation of origin is: (i) The United States; (ii) a State; (iii) two or no more than three States which are all contiguous; (iv) a county (which must be identified with the word "county", in the same size of type, and in letters as conspicuous as the name of the county); (v) two or no more than three counties in the same States; or (vi) a viticultural area (as defined in paragraph (e) of this section).

(2) *Imported wine.* An appellation of origin for imported wine is: (i) A country, (ii) a state, province, territory, or similar political subdivision of a country equivalent to a state or county; or (iii) a viticultural area.

(b) *Qualification*—(1) *American wine.* An American wine is entitled to an appellation of origin other than a multicounty or multistate appellation, or a viticultural area, if:

(i) **At least 75 percent of the wine is derived from fruit or agricultural products grown in the appellation area indicated;** (ii) it has been fully finished (except for cellar treatment pursuant to §4.22(c), and blending which does not result in an alteration of class or type under §4.22(b)) in the United States, if labeled "American"; or, if labeled with a State appellation, within the labeled State or an adjacent State; or if labeled with a county appellation, within the State in which the labeled county is located; and (iii) it conforms to the laws and regulations of the named appellation area governing the composition, method of manufacture, and designation of wines made in such place.

We support the sale of this agricultural alcohol product at farmers markets. This provision is similar to one in New York law. Please adopt the amendment attached as it will conform the permit process to all other temporary permits now issued by the agency.

We have no objection to the multiple ownership provision (p.6) and we support the sale of wine *in its original, unopened container* at the state fairgrounds during the fair by a person who has entered into an agreement with the state fair board for that purpose. (p. 8, line 31).

Thank you for your attention to and consideration of these matters.

Attached: *What the Wine Label Tells You, Source: ttb.gov*

Senate Agriculture Committee
3-19-08
Attachment 2

WHAT THE WINE LABEL TELLS YOU

As consumers become more adventuresome in their wine selections, they look to the label for more information. What makes one wine different from another? What is the dominant grape in the wine? Where were they grown? Although TTB regulations are quite detailed and only apply to wine of at least seven percent alcohol, this pamphlet contains enough basic information to assist the consumer in making an informed choice when buying wine. This pamphlet discusses wine made from grapes. Wine may be also made from other fruit and agricultural products.

BRAND

The brand name is a name used by the bottler to identify the product. Any brand name is acceptable if it does not mislead the consumer.

VINTAGE DATE

A vintage date on the label indicates the year in which the grapes were harvested. If a vintage date is shown on the label at all, an appellation of origin smaller than a country must also be shown. If an American or imported wine uses a state, county or their foreign equivalent as an appellation of origin, 85 percent of the grapes must be from that year; if a viticultural area or the foreign equivalent is used, the percentage is raised to 95 percent.

APPELLATION OF ORIGIN

Appellation of origin is another name for the place in which the dominant grapes used in the wine were grown. It can be the name of a country, state, county or geographic region called a viticultural area or their foreign equivalents.

A country, state or county appellation or their foreign equivalent on the label means that at least 75 percent of the wine is produced from grapes grown in the place named.

VITICULTURAL AREA

An American viticultural area is a defined grape-growing region with soil, climate, history and geographic features which set it apart from the surrounding areas.

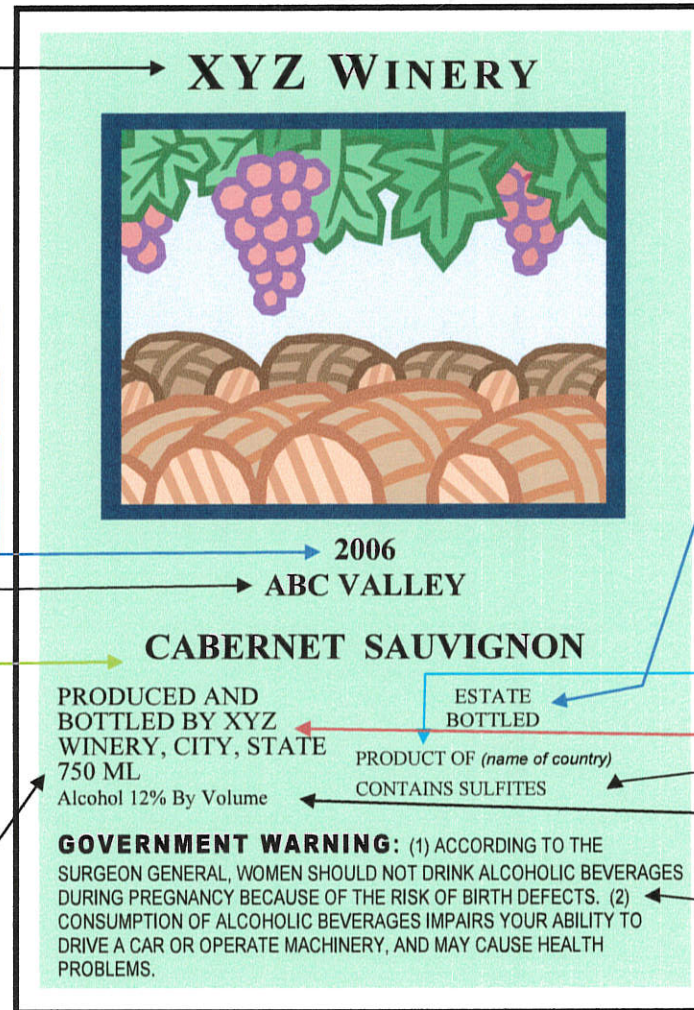
A viticultural area appellation on the label indicates that 85 percent or more of the wine was produced from grapes grown in the named area.

NET CONTENTS

The net contents of wine is stated in the metric system of measure and is the amount of product in the container.

VARIETAL DESIGNATIONS

Varietal designations are the names of the dominant grapes used in the wine. Cabernet Sauvignon, Chardonnay, Zinfandel, and Merlot are examples of grape varieties. A varietal designation on the label requires an appellation of origin and means that at least 75 percent of the grapes used to make the wine are of that variety, and that the entire 75 percent comes from the stated appellation of origin. (Except "Vitis usca" grapes, such as Concord, which require 51 percent).



OTHER DESIGNATIONS

Wine labels are not required to bear a varietal designation. Other designations may be used to identify the wine. Examples are Red Wine, White Wine, Table Wine.

Some imported wines are designated with a distinctive name which is permissible only on specific wines from a particular place or region within the country of origin, for example, Asti Spumanti from Italy and Bordeaux from France.

ESTATE BOTTLED

"Estate Bottled" means that 100 percent of the wine came from grapes grown on land owned or controlled by the winery, which must be located in a viticultural area. The winery must crush and ferment the grapes, finish, age, process and bottle the wine on their premises. The winery and the vineyard must be in the same viticultural area.

NAME AND ADDRESS

The name or trade name and address(es) of the bottler or importer must appear on the label. Domestic wines will state "Bottled By:" followed by the name and address of the bottler. Imported wines will state "Imported By:" followed by the name and address of the importer.

Domestic wines may have this statement further qualified with terms such as "Produced", meaning that not less than 75 percent of the wine was fermented at the stated address, or "Vinted", which means that the wine was subjected to cellar treatment at the stated address.

COUNTRY OF ORIGIN

A country of origin statement is required on all imported wines. For example, "Product of (insert name of country)".

ALCOHOL CONTENT

A statement of alcohol content in percent by volume appears on most labels. As an alternative some bottlers prefer to label wine with an alcohol content between 7 and 14 percent as "Table Wine" or "Light Wine."

DECLARATION OF SULFITES

Required on any wine intended for interstate commerce that contains 10 or more parts per million (ppm) sulfur dioxide. Not required for wines only sold in intrastate commerce.

HEALTH WARNING STATEMENT

Required on all alcoholic beverages containing .5% or more alcohol by volume. "GOVERNMENT WARNING" must appear in capital letters and bold type. The remainder of the statement may not appear in bold type. The statement must be separate and apart from all other information.

GENERAL REQUIREMENTS

All mandatory information is required to be shown in readily legible printing and on a contrasting background. All mandatory statements on a 750ml bottle, except the alcohol content statement, must appear in printing no smaller than 2mm. The alcohol content statement is required to be from 1-3mm in height regardless of container size.

Wyldewood Cellars Winery

P.O. Box 45 Mulvane, Kansas 67110 (316) 554-9463 (316) 554-9191

TO: Senate Agriculture

FOR: Testimony in Support of HB2908

Good morning Chairman and members of the committee. I am Dr. John A. Brewer owner of Wyldewood Cellars and I am here to testify in support of HB2908. Wyldewood Cellars has four sales locations, 44 full time employees, and provides over \$300,000 annually in direct taxes to Kansas (gallonage, liquor enforcement, sales, and property taxes). We purchase fruit from over 40 growers and produce over 55% of the wine made in Kansas. Wyldewood Cellars' wines have earned over 400 International Wine Awards, including numerous double and triple gold, and our Spiced Elderberry Wine won a national competition to be the only wine served in the Olympic Village in the 2002 Winter Olympics. As a result of our many awards, I was invited to be the first Professional International Wine Judge in Kansas. Other Kansas wineries have also won numerous International Wine Awards.

Governor Sebelius's recent statement, about not making wine in Kansas, highlighted the problems that the Kansas wine industry is experiencing. The modifications to the Farm Winery Law proposed by HB2908 will help the Farm Wineries bring their products to market and educate the public that there is a Kansas Wine Industry, which produces World Class Wines.

The ability to sell to temporary permit holders corrects an oversight. At present, farm wineries can sell directly to clubs and drinking establishments, but have to sell to a liquor store, who then sells to the temporary permit holders. This restricted the number of wineries that could be represented at the State Fair and severely limits temporary permit holders' use of Kansas wines.

To be able to produce a profit, a winery has to sell most of its products at retail. Retail outlets are expensive to maintain all year and must be licensed for at least nine months. Most of our wineries cannot afford this, but they need the outlet for retail sales, since their tasting room is often at the vineyard and not in a retail location. The Farmers' Market permit would allow affordable, controlled, short term retail outlets at existing retail locations.

Last year, microbreweries were allowed to hold multiple licenses. Farm wineries need the same ability so we can combine capital with existing expertise to grow our industry and provide for the transition of the business to the next generation or other investors. Also multiple licenses would allow multiple fermentation facilities across the state which encourages the use of local fruit. Having to haul fruit for three hours in 100 degree heat to get to the fermentation facility substantially degrades the quality of the fruit. Local processing is good for both the winery and the fruit grower and stimulates interest in local growers.

Adding the ability for the State Fair Wine Garden permit holder to sell wine in unopened containers allows more wineries to be represented at the State Fair and allows the permit holder to generate additional profits for the State Fair. Most of our wineries are not large enough to be distributed or sell through the liquor stores in Hutchinson. The wine exhibit at the State Fair generates a huge amount of

*Senate Agriculture Committee
3-19-08
Attachment 3*

public interest in Kansas wines, but the fair goers are told they may have to drive halfway across the State to purchase a particular wine. The ability to sell in unopened containers solves this problem and promotes Kansas wine.

The 60% Kansas grown requirement has not helped encourage Kansas agriculture in fruit crops, but has restricted the establishment of new wineries and the growth of existing wineries. After 13 years in business, we still are not able to buy more than a few hundred pounds of grapes in Kansas in any given year. Our best grape purchase year allowed us to make about 75 gallons of wine. Fruit growers routinely contact me about becoming an approved elderberry supplier. They see the market that we have created for elderberries and are willing to invest their money to become a part of that market. The same holds true for grapes. The 60% regulation requires growers to invest for up to five years before a market has been established. Very few people are willing to do this.

Today it is easier for a winery located in California, Chili or Australia to sell their wine in Kansas, than it is for a Kansas Winery. An International Wine consortium has no production restrictions and automatically has up to 700 package retail liquor stores in Kansas to sell their product to the public, if they wish to enter our market. Our Kansas wineries are competing for market share with Gallo (who sells one out of four bottles of wine in the U.S.) and five major wine producers that sell 85% of all wine in sold in our country. We believe that it is in the State of Kansas' interest to allow our locally owned wineries and vineyards the opportunity to compete in this international market without undo state restrictions. Kansas can not require out of state wineries to use 60% Kansas grown fruit in the wine they sell in Kansas. Most states do not have an in-state fruit requirement. For example, Texas, Oklahoma and Colorado do not have an in-state fruit requirement. Texas has 155 wineries, Oklahoma has 54 wineries, and Colorado has over 80. The Kansas wine industry is ten years older than Oklahoma's, and we still have less than 20 wineries.

Everyone agrees that it would not be in the best interest of the grape growers to require vineyards to sell 60% of their annual harvest to Kansas wineries. This would severely limit their ability to sell grapes to wineries in Oklahoma, Missouri, or other states. It would also eliminate their more profitable markets of selling to individuals that come to the vineyard and pick grapes for their own amateur winemaking purposes (referred to as you-pick-um) and for the sale of table grapes. Pierce's disease is devastating vineyards in California and Texas thereby creating new markets for Kansas grapes. Vineyards are rightfully allowed all these profitable markets without restrictions to maximize their return on investment to reward them for their risk.

Our friends in the Oklahoma wine industry have confirmed two points that are very important. First, wines produced from grapes grown within the state are always more valuable than a wine made from grapes grown in California, or another state. Federal labeling requirements specify that a wine must contain at least 76% grapes grown within a state to be labeled as coming from that state. Wine labeled as being from Kansas grown grapes of fruit can be sold for a higher price and allows the winery to in turn pay the vineyard more. A Kansas vineyard will also have substantially less freight overhead to pay in order to transport their grape produce to the buying winery. A tourist to Kansas will buy mementos of their trip. Each year, thousands of Kansas related sweatshirts are sold for \$15 to \$30 each. Visitors will also pay a premium to buy Kansas produced wine as a souvenir of their trip here. Spark's winery sells their Oklahoma grown chardonnay wine for 30% more than their California grown chardonnay wine.

Second, Oklahoma vineyards not only sell all of their production, but also command a higher price than

California grapes for their own grape production, because there are numerous Oklahoma wineries vying for the limited production.

There is enormous potential for growth in the Kansas wine and grape growing industries. The percentage of Kansas wine consumed by Kansas consumers is less one percent of all the wine sold in the state. In contrast Washington State consumers purchase 40% of their wine from wineries in their state. Based upon what our surrounding states are accomplishing, the Kansas wine market could support up to five times the present number of wineries. We look forward to the day when tourists brag about the numerous Kansas wineries they have visited, when Kansas liquor stores have whole departments dedicated to Kansas produced wines, and when our Governor can brag about the size of the Kansas wine industry

Thank you for your time and interest and please support HB2908 to improve the Kansas Wine Industry.

Dr. John A. Brewer



*Kansas
Licensed
Beverage
Association*

Testimony on
HB-2908, February 20, 2008

Senate Agriculture Committee

Chairman Taddiken, and Senators of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Association. The KLBA represents the interests of the men and women in the hospitality industry, who own, manage and work in Kansas bars, breweries, clubs, caterers, hotels, and restaurants. These are the places you frequent and enjoy with the tens of thousands of employees that are glad to serve you. Thank you for the opportunity to speak today and I will be brief.

We support HB 2908 and ask for your favorable action.

The Farm Wineries and Microbreweries of Kansas have proceeded in parallel paths helping to grow an active and thriving cottage industry. They act as eco-devo incubators for a fine micro market of Kansas craftsmen. And in this bill on pg 2, line 14 it eliminates the minimum percent content. HB 2817 does the exact same thing for the micro-breweries and we ask that this as well as the other corrections be amended into this measure. The Director of the ABC has conducted research and can testify as to the unavailability of any of the required content domestically. And in addition it is extremely unlikely that they will be grown in KS in the future. Therefore we ask for the same consideration. I can report my understanding that the proponents, ABC Director, and authors do not object to the amendment.

We also support the other items of the balloon amendment as we understand them.

Again thank you for your attention and consideration. I am available for your questions.

*Philip Bradley
CEO*

*785.766-7492
www.klba.org
info@klba.org*

Philip Bradley

*Senate Agriculture
Committee*

3-19-08

Attachment 4

FARM WINERY
HB-2809 2908

My name is Patrick DeI app. I have a small interest in a vineyard near a Salina and hopefully a much larger one when I find the right property in Shawnee/Douglas county area.

I am Opposed to several of the recommended changes to State law concerning Farm Winery

Problems I see with it with I will detail later are as follows:

:Elimination of the 60% rule the fruit one uses for vine must be from Kansas
(Page 2, line 14 thru 20)

:Allowing a person to have more than one beneficial interest in a Farm Winery
(Page 6, line 34 thru 35)

As I see it, the Farm Winery law in Kansas was developed to encourage the cultivation and making of wine on a family farm.

Benefits were given which included treating the equipment needed to make Wine the same as the a Farmers Tractor, Combine, or plow used in the production or growing of his crop. Those benefits I'm referring to were no sales tax on the purchase of these items and no personal property tax on the equipment.

The tax advantage has been reduced somewhat by a change in State law in 2006. That change allows Manufactures, Goodyear, Boeing etc. to buy equipment to upgrade or to open, or relocate a manufacturing plant in Kansas. It did not eliminate all the taxes for equipment, they still are required to pay taxes on equipment bought before this 2006 law went into effect.

Another benefit, was Farm Wineries, are exempt from Zoning requirements. The Farm Winery does not have to located in Industrial or Commercial zoned area. (Attorney General Opinion)

Problem: Allowing a person who currently has a beneficial interest in a farm winery to have more than 1 farm winery license.

Current law prohibits this, and it should stay that way. This is about helping the farmer and small wine makers. It not about big business trying to pretending they are something they are not. If this passes as standing it would be entirely possible to have 20 winery outlets stores or y stores controlled by the same persons or persons. Heck, would it even be possible to have a shared Winery by leasing part of the manufacturing building to another license entity, lets say about 500 square feet, and calling it a different farm winery.

Don't let them do this !

Problem: Elimination of the 60% rule of using Kansas fruit.

Under current law the Director of Alcoholic Beverage Control has the right to waive this 60%

Senate Agriculture Committee
3-19-08

Attachment 5

requirement, if in his finding and judgment its warranted.

But he does not want to waive that requirement just because the "Farm Winery's" can't grow fast enough if its requiring the use of 60% Kansas fruit. The law as I see is meant to encourage the growing of grapes in Kansas, and farm winery's. It's a suppose to be partnership. Ideally done by the same person.

If the farm Winery's, complaint is that they can't get enough grapes in Kansas they can do many things to correct this problem.

1. Buy more land and plant more grape vines
2. Enter into a contract with grape growers. To share cost of the grape vine, insecticides, Fungicides, fertilizer, labor, etc. (No one I know of, has such a contract, or has been offered such a contract with a Farm Winery)

It takes at least 3 years of work before you should harvest any grapes. In reality it will be 5 years before your grape vines are producing well. The grape grower has a lot of time and money involve before he sees any return on his efforts.

The Farm Winery can change their type wine in a matter of 3-4 months. Growers can't change the type of grapes they are growing that fast it more like 5 years with growers.

A ring of truth is the statement that "Having a vineyard is a good way to turn a large fortune into a small one"

If they want more grapes they need to share the risks.

Don't allow a reduction of the 60% rule of Kansas grapes, and don't allow a person to hold more than one beneficial interest in a farm winery license.



Patrick DeLapp
1013 SW 11th
Topeka, KS 66604
(785) 357-6007

Testimony in opposition of HB2908

Good morning Chairman and members of the Committee. My name is Gregory Shipe. I own Davenport Orchards, Vineyards and Winery located in Eudora, Kansas. I am here to testify in opposition to HB2908.

1. This bill is a marketing ploy for foreign states' products.
2. This bill would allow multiple ownership of wineries and would expand the market many times. This is a way products from foreign states could circumvent the wholesalers and distributors.
3. This bill would wipe out true Farm Wineries by doing away with the current 60% Kansas product requirement. The wholesale lobbyist said he would try to get rid of the Farm Winery statute if we did not retain the connection to agriculture. All wine producers would have to get a MANUFACTURER'S license from the Kansas Alcoholic Beverage Control Division. A MANUFACTURER'S license is like a BREWERY license and a FARM WINERY license is like a MICRO BREWERY license. The latter two have latitude and perks meant to encourage Kansas agriculture.

The wineries that favor this bill introduced a very similar bill in 2004 that split the Kansas Grape Growers and Wine Makers Association (KGGWA) into two groups. One group was committed to making wine from Kansas grown grapes and fruit, and the other group wanted to get rid of the requirement to use 60% Kansas grown product. The Bill was defeated in 2004.

The current bill passed the House without opposition because the agricultural implications of the bill were unclear. KGGWA members and other growers were assured that the 60% rule would not be touched, and yet that wording has been struck from the prospective bill. (See HB 2908, and "Brief" in the Supplemental Note on House Bill No. 2908.)

Paragraph C on page 2, lines 14 to 21 of HB 2908 is misleading. Not only is the 60% Kansas grown product statement deleted, but the Kansas Alcoholic Beverage Control Director's supervision is removed as well. Adding wording regarding U.S. Treasury Department/Tax and Trade Bureau labeling requirements is essentially a ruse—TTB labeling law is meant to describe accurately what is in the bottle and where it came from; it does not dictate any sort of percentages with regard to Kansas grown product content. For example, if you make wine in Kansas and want to label it "Kansas Table Wine" then 75% of the product in the bottle has to be grown in Kansas. If only 60% is Kansas product, you can only legally label it "Table Wine" without the geographic designation, because the percentage is too low to meet Federal labeling guidelines. If you label it "Table Wine" you don't need any Kansas grown product at all. Therefore a Kansas Farm winery could use grapes or juice purchased outside Kansas and still be fine by this Bill as long as they did not call it a "Kansas Table Wine". You can see how removing the 60% requirement would have a devastating effect on grape and fruit growers in the state.

What could happen if this bill passes? With multiple ownership, investors could open 100 wineries and claim a Farm Winery license. Each Farm Winery is allowed 4 points of sale. So 100 times 4 equals 400 points of sale, or outlets. There are only 700+ liquor stores in Kansas. The wine could be labeled "Table Wine" or "American Table Wine" with grapes or juice purchased wholly from foreign states. The wineries would not need to purchase anything from Kansas growers because the 60% requirement was removed.

Marketing wine is difficult because there are literally thousands of different brands available, and liquor stores are unable to carry all the different brands. Under the provisions of this bill, a California or New York vineyard that had an overabundance of grapes or juice to sell could unload it to the multiple-owner

Senate Agriculture Committee
3-19-08

Attachment 6

Kansas Farm Wineries and the wine from such wineries would be sold without going through the wholesalers/distributors.

A winery that can't get Kansas grown products or doesn't want to use Kansas grown products can get a MANUFACTURER'S license. A Manufacturer's license is available through the TTB (Alcohol and Tobacco Tax and Trade Bureau) and ABC (Kansas Alcoholic Beverage Control Division) and allows the licensee to make wine using no Kansas products at all. If those licensees have objections to other rules under the Manufacturer's license (no tasting allowed, must distribute through wholesalers), then they should work to change the Manufacturer's rules and leave the Farm Winery 60% rule alone for those of us who choose to abide by the spirit of the law.

The heart of the Farm Winery statute is the Kansas grown grapes and fruit. This gives a Kansas identity (Terroir) to wine made in the state, a taste of Kansas. I can't imagine promoting wine made from a foreign state's products—Come to Kansas, drink California/New York/Nebraska wine?

I suggest that the bill be sent to the Kansas Grape and Wine Advisory Council for evaluation. This bill was introduced without the input of the entire industry. The Kansas Grape and Wine Advisory Council is the place for this to take place before any bill is introduced to the legislators. The Council meets with the Secretary of Agriculture four times a year.

Thank You,

Gregory Shipe
Vice Chair of the Kansas Grape and Wine Advisory Council
Douglas County Extension Council member
Kaw Valley Farm Tour member
Davenport Orchards and Vineyards
Eudora, Kansas 66025
785-542-2278
cell 785-218-8217

March 17, 2008

To: Senate Agriculture Committee

RE: HB2908

Mr. Chairman and members of the committee:

My name is Richard A. Bryan from Linwood, Kansas. I am a Certified wine Specialist by The Society of Wine Educators, chairman of the Education & Evaluation Committee of the Kansas Viticulture and Farm Winery Association (KVFWA) and a regional wine judge.

I am here to oppose HB 2908, specifically page 2 lines 14 to 17 of KSA 14-308a, eliminating the use of Kansas grown product from The Kansas Farm Winery Act.

The inclusion of a state's material is integral in establishing and maintaining that State's Identity in any end product. The state of California dictates 100 percent of the grapes used to make wine labeled California must be from California. Closer to home, Missouri requires 85 percent Missouri grapes in their Missouri labeled wine. California produces more wine than the rest of the United States combined. Missouri is the 10th largest in the U.S. and produces more wine than Oklahoma, Colorado, and Iowa combined; great examples of the success of locally produced products.

More local distinction is established by using the American Viticulture Area (AVA) designation. This federally designated area requires that at least 85 percent of the fruit used in making labeled wine comes from this specific area. Kansas is looking into application for a "Flint Hills" AVA and members of the KVFWA are researching a "Kaw Valley" AVA.

In short, we oppose the elimination of the required 60 percent rule in the current Kansas Farm Winery Act. In fact we support the use of more Kansas products in our wine.

Thank you for your time and attention.

Richard A Bryan
Linwood, Kansas
Kansas Viticulture and Farm Winery Association

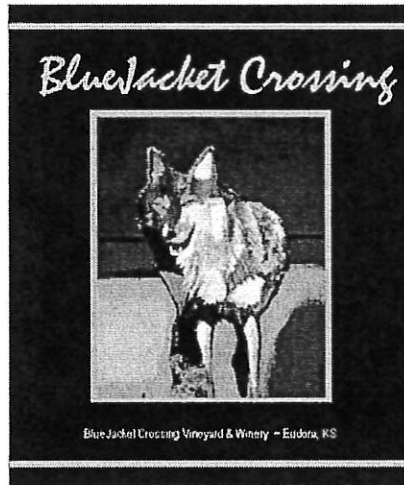
Senate Agriculture Committee
3-19-08
Attachment 7

Production of Wine from 7/06 to 6/07*

State (alphabetical)	Gallons	State (by rank)	Gallons	Rank	% Change
Alabama	no data	California	589,632,004	1	-17%
Alaska	no data	New York	28,551,434	2	-1%
Arizona	52,140	Washington	20,264,144	3	3%
Arkansas	no data	Oregon	4,905,231	4	46%
California	589,632,004	New Jersey	1,691,943	5	4%
Colorado	287,474	Florida	1,667,618	6	1%
Connecticut	80,182	Kentucky	1,260,615	7	4%
DC	no data	Michigan	1,233,247	8	28%
Delaware	no data	Ohio	1,194,311	9	12%
Florida	1,667,618	Missouri	1,077,875	10	12%
Georgia	123,494	North Carolina	989,944	11	29%
Hawaii	no data	Virginia	966,423	12	12%
Idaho	577,878	Pennsylvania	813,034	13	7%
Illinois	333,329	Indiana	716,425	14	32%
Indiana	716,425	New Mexico	628,775	15	17%
Iowa	186,816	Idaho	577,878	16	9%
Kansas	71,028	Wisconsin	514,756	17	24%
Kentucky	1,260,615	Texas	443,005	18	-57%
Louisiana	no data	Illinois	333,329	19	-3%
Maine	26,874	Colorado	287,474	20	39%
Maryland	266,629	Maryland	266,629	21	16%
Massachusetts	101,494	Tennessee	225,114	22	10%
Michigan	1,233,247	Iowa	186,816	23	36%
Minnesota	79,031	Georgia	123,494	24	-9%
Mississippi	no data	Massachusetts	101,494	25	4%
Missouri	1,077,875	Connecticut	80,182	26	-16%
Montana	30,864	Minnesota	79,031	27	34%
Nebraska	75,320	Nebraska	75,320	28	45%
Nevada	no data	Kansas	71,028	29	67%
New Hampshire	no data	South Dakota	68,323	30	296%
New Jersey	1,691,943	Arizona	52,140	31	63%
New Mexico	628,775	Oklahoma	36,719	32	-2%
New York	28,551,434	West Virginia	33,475	33	-12%
North Carolina	989,944	Montana	30,864	34	204%
North Dakota	no data	Maine	26,874	35	-20%
Ohio	1,194,311	Alabama	no data		
Oklahoma	36,719	Alaska	no data		
Oregon	4,905,231	Arkansas	no data		
Pennsylvania	813,034	DC	no data		
Rhode Island	no data	Delaware	no data		
South Carolina	no data	Hawaii	no data		
South Dakota	68,323	Louisiana	no data		
Tennessee	225,114	Mississippi	no data		
Texas	443,005	Nevada	no data		

State (alphabetical)	Gallons	State (by rank)	Gallons	Rank	% Change
Utah	no data	New Hampshire	no data		
Vermont	no data	North Dakota	no data		
Virginia	966,423	Rhode Island	no data		
Washington	20,264,144	South Carolina	no data		
West Virginia	33,475	Utah	no data		
Wisconsin	514,756	Vermont	no data		
Wyoming	no data	Wyoming	no data		
Other (non-specific data compiled from states listed as no data above)	2,081,535	Other (non-specific data compiled from states listed as no data above)	2,081,535		10%
Total Wine Production	661,288,503		661,288,503		-15%
Liters	2,502,976,984				

* Statistics gathered from the US Tax & Trade Bureau



BlueJacket Crossing Vineyard & Winery
1969 NORTH 1250 ROAD
EUDORA, KS 66025
BLUEJACKETCROSSING@GMAIL.COM

Mr. Chairman and members of the Committee

Subject: Opposition to elimination of 60% minimum Kansas grapes in Kansas wine as proposed by bill # HB2908.

My name is 'Pep' Solberg-Selvan from Bluejacket Crossing Vineyard & Winery. I was born, raised and educated as a native Kansan. For 30 years I had a business in the San Francisco Bay Area. Years ago, while visiting my family in Eudora, I took a great risk and stopped at the local farm winery. After decades of drinking excellent quality wines in beautiful rural settings, I expected very little at this modified toolshed/ tasting room. I would only sample his best dry red wine. It was excellent...different but excellent. As a result of this experience, we moved back to Kansas to help my aging parents and start a vineyard.

Six years ago we started our vineyard. There were virtually no Kansas grapes available for sale that were not already under contract to other wineries. For the past six years we have worked full time to plant and cultivate the vines necessary to produce a quality Kansas wine.

As has been the case in most other states, there needs to be a specific and clear standard for the production of Kansas wines made from a majority of Kansas grapes. Without that, Kansas wines lose their ability to represent a regional identity. It is relatively easy to make wine...especially average quality wine. Our goal is to produce a Kansas raised wine that over time would earn an excellent reputation.

*Senate Agriculture Committee
3-19-08
Attachment 8*

Testimony in opposition to HB2908

1. Good day to the Chairman and members of the Senate Committee on Agriculture. Our names are Michelle Meyer and Les Meyer; we are daughter and father and together we own Holy-Field Vineyard & Winery in Basehor, Kansas. We are also members of the Kansas Viticulture and Farm Winery Association (KVFWA).

We are against the proposed legislation to take away the 60% Kansas grown grape rule from the Kansas Farm Winery statute. The Farm Winery Law is agriculture in nature. It was designed for grape growers to add value to their product (grapes) in the form of wine and allows for the sale of that value added product at the Farm Winery. If the grapes are not grown in Kansas then there is no FARM in FARM WINERY and that threatens our livelihood as a legitimate Farm Winery who is proud of their Kansas grown product. We do not want to be a manufacturer. Those who do not want to adhere to the growing rule and use Kansas grapes can be manufacturers. There are those in Kansas who aren't growing or using Kansas grapes; but they don't want to be a manufacturer because it does not have the same benefits as being a Farm Winery. Instead of applying for a manufacturing license, these people are trying to manipulate the Farm Winery license to benefit themselves. We were at a similar hearing to this one in 2004; for this same reason. At that time, a lobbyist for the wholesalers stated that if there isn't any Kansas grown rule then there is no FARM in FARM WINERY and the law would be obsolete. As we recall, that same lobbyist also said that Farm Wineries should decide what they want to be; either a Farm Winery or a Manufacturer. We want to be a Farm Winery. If the Farm Winery law becomes obsolete, then there will be legitimate Farm Wineries; like ourselves, who will be put out of business.

Holy-Field Vineyard & Winery has set a standard for quality since we opened in 1994. (Please see attached list of awards, articles and pictures of medals). We are widely recognized in the national and international wine community for producing award winning KANSAS wines.. We believe it is important to grow Kansas grapes and develop a real identity for Kansas grown wines. We know wine judges who can recognize Holy-Field wine in a blind tasting; this comes from the fact that we grow it and it is unique to our vineyard.

We also oppose the amendment that would permit a person to own multiple Kansas farm wineries. There is no good reason for multiple winery ownership . Under the current law farm wineries are allowed 3 additional outlets in addition to the farm winery for a total of 4 points of sale. The question is why do we need this amendment. The need for multiple ownership needs to be established before this provision is made.

Please do not allow the 60% Kansas grown rule to be removed from the Farm Winery law; it will hurt more people than it will benefit. Kansas wine should be made from Kansas grapes; the vineyards come first, then the wine. We started our vineyard in 1986 and the winery opened in 1994. We are a proud Kansas Farm Winery that grows our own grapes. Help us keep the agriculture in Kansas wine.

Thank you,
Michelle Meyer
Les Meyer
Holy-Field Vineyard & Winery
Basehor, Kansas

*Senate Agriculture Committee
3-19-08
Attachment 9*

Testimony on House Bill 2908
to The Senate Agriculture Committee
by the Kansas Viticulture and Farm Winery Association

1. The Kansas Viticulture and Farm Winery Association (KVFWA) OPPOSES two amendments to KSA 14-308a contained in HB-2908.

a. The KVFWA opposes in its entirety the amendment proposed in lines 14 through 21, page 2 of HB-2908 that would eliminate the requirement that wine produced by Kansas farm wineries use at least 60% of Kansas grown product in its production, replacing this requirement with one to follow Federal labeling regulations. The KVFWA opposes this change to KSA 14-308a because: (a) licensed farm wineries offering wine for public sale must already follow Federal labeling requirements, so in this area the amendment is redundant and unnecessary; and (b) without a specified Kansas content requirement imposed by State law, farm wineries, following only Federal labeling regulations*, would be free to produce wine containing up to 100% of non-Kansas grown product by simply labeling such wine as "American", "Table", or with some similar non-distinctive appellation. Because this amendment would allow "farm" wineries to use any amount of non-Kansas products in wine production, it promotes the interest of wine manufacturers over the interest of Kansas farmers. Entities desiring to produce wine unhindered by Kansas content requirements should apply for a manufacturer's license, not a Kansas farm winery license. If we lose the Kansas Agricultural content requirement, we foresee the development of "franchise" wineries, i.e., wineries that bring in bulk wine production products from foreign states and/or countries; this will cause Kansas wine to lose its State identity.

[*Note: We believe that the Budget Director's Fiscal Note accompanying HB-2908 is incorrect where it states that Federal labeling regulations require that at least 50.0 percent of the products utilized in the manufacture of a Kansas wine must be grown in the state. See Title 27, CFR, Sub-Chapter A - Liquors, Part 4, Sub-Part C Standards of Identity for Wine.]

b. The KVFWA opposes the amendment proposed in lines 34 and 35, page 6 of HB-2908 that would permit a person to own multiple Kansas farm wineries. The KVFWA opposes this amendment because no protection is provided by HB-2908 to single-owner farm wineries to offset the restraint of trade threat posed by the potential emergence of a wine manufacturing oligopoly that this amendment would allow. With the Kansas farm winery industry less than fully mature, this is not the time to encourage consolidation of the industry into the hands of a few. Multiple outlets of franchise wineries will destroy Kansas state identity.

2. The Kansas Viticulture and Farm Winery Association SUPPORTS those remaining amendments to HB-2908 that: (a) would allow a farm winery to sell wine, manufactured by the winery, to holders of temporary permits to sell and serve alcoholic liquor; (b) would allow for sales of bottles of wine at farmers markets that are operated on a not-for-profit basis; and (c) would allow the temporary permit holders at the State Fair to sell, in its original, unopened container, wine that is being sold by the glass.

Michelle Meyer
President, Kansas Viticulture and Farm Winery Association

Senate Agriculture Committees
3-19-08
Attachment 10

Mark Taddiken - Kansas 2908 Please forward to other committee members

From: George Hoff <farmergeorge05@yahoo.com>
To: <taddiken@senate.state.ks.us>
Date: 3/16/2008 12:11 PM
Subject: Kansas 2908 Please forward to other committee members

Testimony on House Bill 2908
to
The Senate Agriculture Committee
By
George Hoff

As young farmers who have recently started a vineyard with aspirations of operating a winery that produces Kansas Wine from grapes that we grow on our farm, we are in opposition to the ammendment proposed lines 14 through 21. We feel that it does not support growth in the industry from an agricultural standpoint. It is our intention to produce a product of Kansas and we feel that this legislation will take the farming out of farm winery. We are Fifth generation farmers in the state and are working to preserve our agricultural past, as well as future generations. It would not be in the interest of growth of local producers to allow more outside resources to be imported. We are also opposed to lines 34 &35, it is our belief that this could hurt the market share of Farm Wineries, in that it allows loop holes for larger corperations to abuse the farm winery laws. We do support those remaining ammendments to HB-2908 that: (a) would allow a farm winery to sell wine, manufactured by the winery, to holders of temporary permits to sell and serve alcoholic liquor; (b) would allow for sales of bottles of wine at farmers markets that are operated on a not-for-profit basis; and (c) would allow the temporary permit holders at the State Fair to sell, in its original, unopened container, wine that is being sold by the glass.

George Hoff
Stone Pillar Vineyard

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Senate Agriculture Committee
3-19-08
Attachment 11

**Testimony on House Bill 2908
to
The Senate Agriculture Committee
by Francis C. Riley, Jr.**

I OPPOSE the following amendment to KSA 14-308a proposed by HB 2908:

~~"(c) Not less than 60% of the products utilized in the manufacture of domestic table wine and domestic fortified wine by a farm winery shall be grown in Kansas except when a lesser proportion is authorized by the director based upon the director's findings and judgment. The label of domestic wine and domestic fortified wine shall indicate, in accordance with labeling requirements established by the United States department of treasury, that a majority of the products utilized in the manufacture of the wine at such winery were grown in Kansas."~~

(ref: HB 2908, page 2, lines 14 through 21)

Casual reading of this amendment to KSA 14-308a would seem to indicate that the proposal to eliminate the 60% Kansas source content requirement and replace it with a vague reference to Federal labeling regulations would continue to ensure that the majority of products used to produce wine at a Kansas farm winery were grown in Kansas. This is NOT the case. Federal labeling regulations would require that the majority of wine be from Kansas grown products only when the label's appellation of origin explicitly states "Kansas", and then it is required, in the case of grape wine, that at least 75% of the wine be produced from products (e.g., grapes) grown in the place named (e.g., Kansas). Under the proposed legislation, a "farm winery", following Federal labeling regulations, would be free to use up to 100% of non-Kansas grown product to produce its wine by simply labeling the wine as "American" or with some similar non-distinctive appellation. This is a significant loophole for operations whose business model is to manufacture wine irrespective of the origin of the products used to produce it. It should also be noted that wineries offering wine for public sale must already follow Federal labeling requirements, so, in this area, the amendment is redundant and unnecessary

The primary intent and purpose of the Kansas Farm Winery statute is to encourage and promote Kansas AGRICULTURE. The Kansas Farm Winery law should not be used to facilitate the manufacture of an alcoholic beverage using non-Kansas source products. Removing the 60% Kansas content requirement benefits only those individuals in the state who wish to manufacture wine under the guise of operating "farm" wineries by enabling them, through clever labeling, to use without restriction non-Kansas products in the manufacture of their wine. Individuals or groups who wish to make wine and not be subject to the restrictions (and benefits) of the Kansas Farm Winery law may do so by obtaining a manufacturer's license. Making wine is easy, but operating a farm winery, where the winemaker either grows his own grapes or sources his grapes locally, is a difficult challenge, and needs the benefits and encouragement provided by the present Kansas Farm Winery law.

In summary, I ask that the Senate Agriculture Committee not support the amendment to KSA 14-308a cited above.

Sincerely,

Francis C. Riley, Jr.
11721 Woodward St.
Overland Park, Kansas 66210
(913)338-3593

*Senate Agriculture Committee
3-19-08
Attachment 12*

Date: 3/12/2008

The Kansas Legislature
Deposition, in regards to HB 2908

From Everett DeHaven, Ph.D.
A Kansas Grape Grower

I would like to thank you, a head of time, for your willingness to consider my concerns. Over 50 years ago, I grew up on a Truck farm near Abilene, Kansas with my father and grandfather growing fruits and vegetables. Both of my grandfathers were Kansas farmers as well as 3 out of 4 of my great grandfathers. In brief, I am aware of the labor, the costs, and the joys of Kansas farming. Presently, I have over 800 grape vines in development on a small farm in Saline County. Over 600 vines will be 6 years old this year and I have sold some grapes in past years to 2 big Kansas wineries: Smoky Hill Winery and Wyldwood Winery.

My concern with House Bill 2908 is in **keeping** the "**60% of Kansas fruit**" requirement in the law. There are 3 reasons why Kansas should keep this 60/40 requirement in "farm wineries". One issue centers on "Retail/Wholesale Manufacturers" vs. "Farm Wineries" who can get tax breaks and not have to go through the same laws/rules as a "major manufacturer." The second issue is Kansas government supporting Kansas farmers with sufficient time to develop and establish a viable, agricultural crop/industry that was destroyed by the state and federal government during prohibition days. And the third issue is taking incentives away from present and future wineries from expanding their own and others' vineyards.

By eliminating this 60% requirement of "farm wineries" purchasing Kansas grown fruit, a Kansas winery can ship in as much fruit/grapes from out of state as desired. If a "farm winery" **wants more grapes/fruit to expand** their production of their product, they should plant more acreage in vines or whatever fruit that they are wanting. If a "farm winery" is primarily just **wanting to buy more grapes/fruit to expand** their production, then they ought to operate as a manufacturer and fit within those tax codes and regulation requirements. There is a difference between being a grape grower and a winemaker. A "farm winery" should be at least nearly a 50% agricultural operation rather than something like 5% of their operation in agricultural endeavors and 95% of their business in processing and retailing.

In regards to the second issue, Kansas has been held behind other states in the development of viticulture due to Kansas laws. Old records indicate that

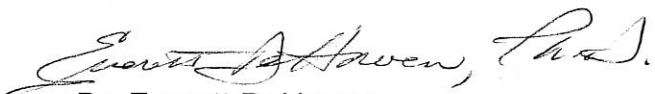
(continued)



Senate Agriculture Committee
3-19-08
Attachment 13

nearly every Kansas county had a vineyard before prohibition days and many farmers were then pressured to destroy their vines. Because of inexperience with growing different grape varieties, Kansas grape growers are still experimenting to determine what is best for our state's weather conditions, etc. And unlike wheat/bread, the consumer often buys wine based on the variety of the fruit (e.g., Merlot), partially because it has been marketed well for many years. Eliminating the 60% requirement to buy Kansas grapes places a disincentive for wineries to buy Kansas grapes/fruit. Why buy a French Hybrid variety from Kansas, such as Frontenac, that survives the very cold temperatures in Kansas when a winery can buy a European variety, such as Zinfandel, that has already been highly marketed with well established vineyards in California or other countries? In brief, taking this 60/40 requirement out of the law creates a disadvantage to Kansas grape growers' young market. Furthermore, it fosters more risks to all of the small Kansas vineyards. This is because it takes about 5 years to establish a full production vineyard. And the costs and risks of attaining this 5 year agricultural goal when there is a questionable market may become the new type of "**prohibition**" to hit Kansas grape growers. We will be again pressured to grow something else.

If "farm wineries" are allowed to sell wine totally made from all or primarily grapes/fruit from other states/countries, then this law potentially destroys this rapidly growing agricultural type of crop. If a licensed "farm winery," why take the risks of expanding your vineyards or supporting other Kansas grape growers in their vineyard expansion if you can buy cheap grapes/fruit some where else? Eliminating the 60/40 rule, hurts the "little Kansan" who plants a few acres on grandpa's farm and who is likely to spend much of his/her money in Kansas. And yet, he/she can lose money due to the low prices that wineries may offer due to cheap "left-over's" from out of state. It hurts the wheat farmer who wants to diversify the type of crops he/she grows because of the many risks and the high costs of getting a vineyard established. Why make such a risky investment in a new, Kansas agricultural crop, if there are no market supports for it? Do we really want semi-truck loads of perhaps chemically filled grapes/fruit from south of our country's border being brought into Kansas and sold to a few big, "farm wineries" who have agricultural tax breaks?



Dr. Everett DeHaven
Skyline Ridge Vineyards
100 North Skyline
Salina, Kansas 67401