

To the members of the House Committee,

I would like to thank you for allowing me to share my opinions on this matter.

My name is Celeste Mikijanis and I own a winery in Kansas City, KS, and I also have a vineyard at my location. I have been in business for 3 years. For the first year, the year before we actually opened, we used only our own grapes. Our vineyard is quite small, boasting only 6 acres of vines. This was appropriate for our production for pre-year one. Year two, our demand grew, and we needed to buy grapes. The problem was, there were several larger wineries that had all the grape growers locked into contracts, with all of their grapes spoken for. With the requirement to be 60/40, this made our first "real" year very difficult. We had to beg and plead to just get maybe 100 lbs of grapes here and 500lbs there. We sit right on the border with Missouri, and one grape grower that was available was in Weston, we purchased his grapes, which even though it was our closest grape grower, accounted for an out of state percentage. We ended up with many different types of grapes, and right at 61% production. The following year, one of the largest wineries went out of business, and freed up many grape growers. We went into business with several grape growers in Kansas and are now currently about 90% Kansas Grapes. You would think that the largest winery closing its doors and ending contracts would have hurt the grape growers. It did not. Many other wineries that were struggling to make it were searching the grape growers out and trying to buy their grapes. This is a key to pointing out the fact that there are just not enough grapes in Kansas. I am a proponent of SB 379 for this reason.

Opponents feel that eliminating this rule will eliminate the need for Kansas grapes. I assure you this is not the case. I do not believe there was a single grape unspoken for last year. Our grape growers actually came up short on their yields – every one of them. Had there been more grapes, I'm certain they would have been sold. This has shifted the pricing here in Kansas. With the growers knowing that we must have 60% from Kansas the prices of certain grapes have skyrocketed in Kansas to well over 30% what they were a few years ago. I understand prices will generally increase, but for the same grape and quality the variance in Kansas is very high. I feel eliminating the 60/40 rule will balance this matter. If I cannot afford the price increases, or the grapes I need, then I cannot stay in business. If I don't stay in business, neither do the grape growers I do business with. If I succeed, they will also have stability and growth in their businesses.

My final reason is related to my first. If we want people to invest in wineries and vineyards in Kansas, there has to be a security there that they will be able to have the grapes they need. If potential wineries owners thought they would have to beg and plead and get a few hundred pounds of each grape, they will second guess their decision. If the grape growers know there is potential, they will make the investment. If the grapes are there, the wineries will then make the investment.

Personally, in my business as it stands right now, I am not affected by whether or not the law is changed. As I said before, I am about 90% Kansas, and I don't plan on doing anything other than raising that percentage, whether the law changes or not. But I assure you that future winery owners will not take the risk, without some security in the fact that there is more grape availability. To grow the industry on both the winery and grape growing sides, this requirement should be eliminated.

Sincerely,

Celeste Mikijanis
Wine Barn Winery & Vineyard

House Federal & State Affairs

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Attachment # 15