

TESTIMONY

To: The Honorable Steve Brunk, Chairman
and the Members of the House Committee for Federal & State Affairs

From: Dennis Reynolds, Owner Somerset Ridge Vineyard & Winery, Paola;
Kansas Grape Growers & Winemakers Association Board Member; Past
Chairman, Kansas Grape & Wine Advisory Council

Re: SB 379 & 390, regarding farm wineries; Kansas fruit requirement

Date: March 28, 2012

Chairman Brunk and members of the Committee:

My wife and I have operated a vineyard & winery in Miami County since 2001. We have extensive vineyards of our own, and we buy Kansas grapes from other growers in Miami County. We believe that the 60% Kansas fruit quota in the current farm winery law has inhibited our industry and resulted in far fewer Kansas grapes being planted and grown over the past 30 years than if the free market had been allowed to operate. We therefore support SB 379 reducing the quota to 20%.

We always use as many local Kansas grapes as we can grow and buy. However, as small business owners, we also need the certainty and stability of knowing we can obtain grapes on the open market when needed. We are subject to a wide range of conditions that can severely reduce or even eliminate a local grape crop in any given year. The uncertainty of knowing whether adequate product will be available year to year inhibits the establishment of new wineries and the growth of existing ones.

The 60% quota **does not** encourage establishment of new vineyards in Kansas. After 30 years Kansas lags far behind neighboring states in both vineyards and wineries that do not have fruit requirements. In Iowa, for example, which has **no** fruit requirement, they went from 36 acres of grapes in 1999 to 1,200+ acres of grapes by 2009 and currently have nearly 100 wineries.

What this demonstrates is that *less regulation* and the *free market* encourages vineyard growth, not a government quota. Prospective grape growers do not invest in vineyards because of the government quota; they do so because they see a successful winery in the area and approach the owners about growing grapes for them.

Also, *very importantly*, reduction of the 60% quota would have **no impact on wine labeling**. Federal law controls wine labeling and any change must be made from at least 75% Kansas grapes for

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"Kansas" wine. So consumers will continue to be able to easily identify wines made from primarily Kansas grapes.

Unfortunately our industry is not unified on SB 379. There are a few wineries that have well established vineyards that apparently want to make it more difficult for new vineyards and wineries to be established in their area. Under the current law and with the current severe shortage in Kansas grapes, the only viable way for a new winery to start up is by planting a vineyard and waiting 4-5 years before being able to start the winery and realize income. Most potential winery owners do not have that luxury; hence the reason we lag behind our neighbors in vineyards and wineries.

Although we are one of the larger grape growers in the state and we have established contracts with other large grape growers, we also want to make it easier for new vineyards and wineries to start up in our area. We believe a rising tide will float all boats. We believe SB 379 will greatly assist this goal.

Thank you for your consideration of my testimony.

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