

SB 379 and SB 390 – Kansas Farm Wineries

Dear Chairman and Members of the Committee:

My name is Jeff Sollo, and I am a minority owner and full time employee of Grace Hill Winery in Whitewater Kansas. We are a three year old winery which produced 2500 gallons of wine last year from grapes grown in our 8 acre vineyard as well as grapes from outside sources. I am here this morning to support SB 379 and SB 390, which seek to eliminate the job killing, protectionist, outdated government mandate that is the "60/40 rule."

Job Killing: In 2011 we at Grace Hill Winery were trying to double our volume and establish ourselves as a prominent Kansas winery, with plans to create two new jobs in the process. But due to the extreme weather conditions, our crop yield from our own vineyard was down a significant percentage, and of the ten tons we had contracted from Kansas growers around the state, we ended up with two tons. Because of the 60/40 rule we were unable to bring in enough grapes to achieve the gallonage level we had hoped for, and so were unable to hire the additional employees we had planned on.

Protectionist: The supporters of the 60/40 rule as it is currently written and enforced are grape growers along with the owners of several of the oldest wineries in the state. These older wineries already have the vineyard infrastructure, as well as long established contracts with Kansas grape growers to maintain their status quo. Due to the limited number of Kansas grapes, newer wineries can't find the amount of grapes needed to reach a profitable wine volume, which in turn eliminates competition for these older wineries. As for the grape growers, they are afraid that if this rule is rescinded no one will buy their grapes. While I wholeheartedly disagree with this sentiment, I also believe it to be an irrelevant point. We live in a free market system, meaning if you don't make quality product at a reasonable price, you're not going to stay in business. The 60/40 rule guarantees that Kansas vineyards always have a market for their grapes and gives them unfair advantages by allowing them to charge more for what could be an inferior product because they know that Kansas wineries are legally tied to buy a certain amount of fruit from the state.

Outdated Government Mandate: The reason this issue has come to the forefront this year is simple, the demand for grapes has outstripped supply by a large margin, and those wineries in position to grow simply cannot without access to more grapes. After our shortage in 2011, we went to the Kansas Grape Growers and Winemakers Association meeting last month with one goal, to find more grapes to buy for 2012. What we found when we got there was that every single grower we talked to had already sold their entire crop for the year. We didn't acquire a single grape at the conference and are unable to grow our business.

This rule has long been a point of contention in our industry, and has divided it in an extremely damaging way that has seen our bordering states far surpass us in the winemaking realm. The fact that this issue was brought to the legislature by someone not associated with either group who simply could not find Kansas grapes should tell you all you need to know about the burden this rule has over our industry. Rescind 60/40 so that we can create jobs and grow our local economy. Thank you for your time.

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