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From the President's Desk

August is always a slow month in Washington. The air is languid and humid, Congress has left town, and of all things to shake us out of complacency, WineAmerica's server went down and out in the first part of the month. Fortunately, we did get it replaced and repaired in about a week. If you sent an e-mail and nobody responded it would be a good idea to send it again.

Specialty Crops

Even in the slower summer months, work is being done on the Specialty Crop Bill. The Specialty Crop Farm Bill Alliance, <http://www.competitiveagriculture.org/>, of which we are part, is working with the staff of bipartisan House sponsors and the Office of Legislative Counsel to figure out the details and specific language of a headline bill to be introduced in mid-September. It will incorporate months of hard work to sort out priorities and develop specific legislative approaches. Once this bill is introduced, we will be working with all our member wineries to seek cosponsors from as many Members of Congress as possible as positioning for the 2007 Farm Bill begins in earnest.

Grassroots Visits

I had the opportunity this month to visit New York (Geneva) and Colorado. The New York trip was for a meet-

ing of the National Grape and Wine Initiative (NGWI) – the national organization bringing together all producers of grapes and grape products to set priorities and develop research strategies for making the various components of our grape industry well positioned to compete in a world marketplace. NGWI board members from all over the country were tremendously impressed with the incredible spirit of cooperation between Cornell University, the Agricultural Research Service (ARS) and the industry. It is a culture which should be replicated in other states. NGWI will now have to wrestle with the challenge of obtaining a stable source of funding and developing a permanent staff to advance its agenda. Very exciting things are going on in the Colorado wine industry as an enthusiastic group of wine producers explores the potential of wine-making in a unique region. Colorado wines are both rich and complex. Even though the industry is relatively new, more than sixty wineries are demonstrating that great wines can be made in that state.

Immigration

Unfortunately, Colorado is at the epicenter of the movement to cleanse the United States of immigrants through

the passage of enforcement-only legislation. Should that legislation pass without moderation, whole segments of the American economy will disappear overnight. What happens to hospitality, landscape, construction, and specialty crop farming when 1.1 million workers, perhaps 8% of the entire country's workforce and the essential cogs for those industries suddenly disappear? It would be disastrous for almost all businesses reliant on that labor force.

It is counterproductive to severely curtail the agricultural workforce. The wine industry depends on a stable and reliable workforce each year and it is important that our lawmakers understand the consequences of shortchanging the wine industry. They need to hear from wineries about the necessity of a guest-worker program and the drawbacks to only focusing on enforcement. It is essential that you make your views known. I encourage you to write your Representatives and Senators immediately. A sample letter can be found on the WineAmerica website: <http://www.wineamerica.org/issues/federal.html>.

Conservation Easement Law Expanded



On August 17th, President Bush signed a new tax provision into law that expands the current conservation easement tax law by increasing deductions for landowners who donate their land for conservation purposes.

Conservation easements allow farmers to donate their property to the government or public land trust. They can continue using the land, but forego their rights to develop it in the future. This is a good option for farmers looking

to preserve the many acres of farm lands that are rapidly shrinking in the face of development.

The new tax provision expands the current law by raising the deduction cap from 30% of donor income for all landowners to 50% of donor income for all landowners and 100% for ranchers and farmers. The law also extends the carry-forward for conservation easement deductions from five to fifteen years.

Through the tax incentives are only available for 2006 and 2007, the supporters of the new law will push to get them extended into the future. A coalition of farmers, conservationists, and government officials worked with Congressman Mike Thompson (D-CA) to create the new provision.

Quick Tip:

Interested in information on shipping & self-distribution? There are several resources on the WineAmerica website:

- Legal cases are posted in the issues & Policy section under "State Issues" on the main menu
- Check out the Shipping States Chart for a quick listing of which states require permits, etc.
- Log in to the WA Shipping Tool for a comprehensive guide of state shipping regulations and links to necessary documents.

IDology, Inc Approved by Michigan Liquor Control Commission (MLCC) as Age Verification Provider for Direct Wine Shipments

When the Michigan legislature passed their direct shipping law, they inserted a provision that requires all wineries applying to for a direct shipping permit to verify the age of the customer. One way to do so is by obtaining a photocopy/fax of the state or federal ID card of the customer. The other is to use an age verification system approved by the MLCC.

Last week, Idology, Inc – A WineAmerica Supplier Member – had its ExpectID Age program approved by the MLCC. This program allows wineries to accurately verify the age of phone and internet customers before making the sale. WineAmerica

members receive a discount on IDology's services – the application and monthly fees are waived.

Given the continued media and public discussion of minors accessing alcohol over the internet, age verification technology is one more safe guard that a winery can consider for its shipping toolbox. Though Michigan is the first state to mandate that wineries use an approved age verification system, several other states are considering legislation with similar provisions. Though many states do not have such age verification provisions, it will remain to be seen whether this is the beginning of a new trend in

monitoring underage access to alcohol.

For more information on the ExpectID program and to sign up for a trial, please click on the IDology Logo under the main menu on the WineAmerica home page.



Look for the IDology logo on the main page of the website & in the Virtual Trade Show.

Federal Airline Restrictions on Liquids Have Ramifications for Wineries and Consumers

After a potential terrorist attack on US bound planes was averted, the Department of Homeland Security increased the terror alerts and banned all liquids from being carried on to airplanes. Wine consumers are directly affected by this new ban. Generally, consumers visit a winery, purchase wine, and carry it back on the plane. Now, they must either stow the wine in their luggage or check the wine separately, or they must ship it from the winery to their home.

This is not a big issue for states that allow wineries to legally ship directly to consumers. But many states still do not allow some or any forms of shipping. However, whenever there are airline restrictions in place, the federally passed on-site shipping rules apply. These allow wineries to ship small amounts of wine to a consumer if the purchase was face to face. The on-site limits have been posted on the WineAmerica website in the Shipping Law section

– <http://www.wineamerica.org/shipment/law.htm>.

Most states that have shifted to requiring wineries to apply for a shipping permit now only allow shipments to consumers with a permit. For a complete listing of state by state shipping laws, login to the WineAmerica Shipping Tool (listed under the Members Only tab in the main menu of the website).

Quick Note:

FedEx will be providing wineries with a flier detailing the airline restrictions and shipping possibilities.

WineAmerica will send out the fliers as soon as they are available.

Using the WineAmerica Classifieds, a Great Tool...For Members Only

Did you know that the WineAmerica Classifieds are the most visited section of the WineAmerica website? Did you also know that the Classifieds are a free service for WineAmerica wineries and Supplier Members to use? Taking advantage of this great tool has never been easier. Just follow the directions below:

WineAmerica members can post an unlimited amount of classified ads using the "WineAmerica Classifieds".

To add your classified listing, log into the "Members Only" section of the website and use the "Quicklinks" menu to "Post My Classified Ad Today".

Once at the WineAmerica Classifieds, you can create your profile by following

the instructions on the classifieds page and begin listing your needs today for both the public and members to see!

You can post just about anything in the classifieds. For instance, here's just one example of items for sale that have been posted in the classifieds:

Boxwood Winery located in Middleburg, Virginia has new and 1 year used oak barrels for sale.

*French oak:
Limousin
2 - medium plus toast – 1 year used
9 - medium toast – 1 year used
8 - medium toast - new
Tronçais
1 - medium toast - new*

*American Oak:
6 - medium plus toast – 1*

*year used
5 - medium toast - new
15 - medium toast – 1 year used*

*Contact:
Rachel Martin
rem@boxwoodwinery.com
Boxwood Winery
Middleburg, VA
540-687-8778*

Note: The classifieds are relatively new, but with a little use, this is a great opportunity to share job openings, sell winery supplies, and find the items you need to run your operation. It's easy to use, so start posting your items today!

-- FYI --

The Washington Wine Commission, located in Seattle, WA, is looking for a Communications

Director. For more information, see the ad in the WineAmerica Classifieds or visit the

WWC website - www.washingtonwine.org

Register Now for the Fall Board of Directors & Membership Meeting

The Fall Meeting will be held in Canandaigua, New York, November 12-14, 2006 at the Inn on the Lake (www.visitinnonthelake.com).

This meeting is open to all WineAmerica members and is a great opportunity to join fellow winemakers and State Associations from across the country to discuss critical industry issues such as direct shipping/self-distribution, farm bill, and immigration. This is also a great way to become more involved in WineAmerica and have an impact on the direction of the Association in the upcoming year.

To register for the meeting, go to the website and click on the Meetings tab on the main menu. You can register online or download the forms and mail them in. Click here to go directly to the registration page: <http://www.wineamerica.org/meetings/fall.htm>

Here a sample of what's in store for you at the fall meeting:

- A special welcome dinner that will be created by WineAmerica members in a team-building session in the Viking Hands-On Kitchen at the world-class New York Wine & Culinary Center (see below)
- Experiencing the Wine & Culinary Center as a possible model for facilities in your state
- Visiting Cornell University's Geneva Experiment Station, and the ARS grape genomics facility
- Meeting many members of the Finger Lakes wine community who are active supporters of WineAmerica
- Hearing Senator Hillary Rodham Clinton, a huge supporter of our industry, on her passion for agriculture and analysis of the just-concluded elections. (Note: Senator Clinton has been invited and, while not confirmed, is expected to attend.)
- Attend informational sessions on national and state legislative issues and industry concerns; and,
- Help WineAmerica continue to work for the best interests of the wine industry by becoming more involved in the Association!

PROPOSED AGENDA:

Sunday, November 12

3:00-5:30pm **Executive Committee Meeting**
6:00-9:00pm **Dinner & Welcome Reception: Taste the Wines of New York**

Monday, November 13

8:00am-12:00pm **Board Meeting**
12:00-1:30pm **Lunch – Speaker TBA**
1:30-3:00pm **Board Meeting Discussion Continued**
3:00-6:00pm **Activity – Visit Cornell University's Geneva Experiment Station, and the ARS grape genomics facility**
6:30-9:00pm **Board Reception & Dinner with Speaker** (Senator Hillary Clinton has been invited to speak)

Tuesday, November 14

8:00am-12:00pm **State Associations Council Meeting & Policy Update**

For more information about the meeting or questions, please contact Jenny Mattingley at jmattingley@wineamerica.org.

Advertisement

WINEAMERICA
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it's not just our MISSION. it's our revolution.

We at **Inertia Beverage Group** are proud to offer the most comprehensive consumer direct software created for the wine industry. Our goal is to provide software and services that ask the winery, retailer, restaurant and wholesaler to **RE**think how wine is bought and sold. Our customers know that **DIRECT** is the best method to Acquire, Communicate with, and RETAIN Customers!

Our **RE**think Engine™ was created by wine and technology veterans to exclusively meet the needs of the wine industry. With our revolutionary software tool and guidance from our e-commerce expert team, we can help you build your customer loyalty. Selling direct will increase your customer base and multiply profit by creating a one-on-one relationship between the customer and you. We will help you plan and manage this new channel using cutting-edge technology in order to maintain the greatest value for your business.

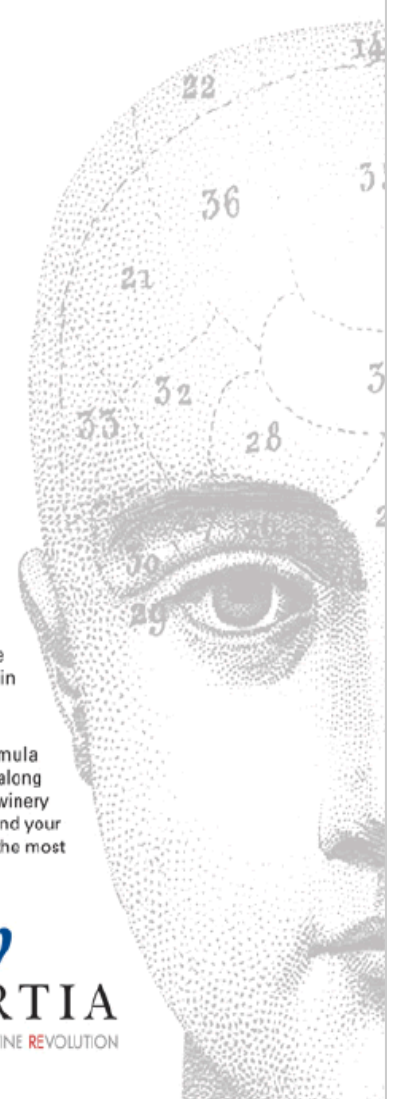
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INERTIA
POWERING THE WINE REVOLUTION



Quote of the Month:

“Wherever people have chosen to settle and live, they have first of all made quite sure that there was a supply of water, but whenever they have attained a higher measure of civilization or culture, they have always spent a good deal of their time, labour and hard-earned money that they and theirs might drink wine.”

- André Simon (1877-1970), from “How to Enjoy Wine”