



WineAmerica

The National Association of American Wineries

February 2006 Newsletter

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From the President's Desk

Wineries have become noticeable nationwide for their importance in developing state agricultural industries. Legislators and Governors are recognizing this as well and are beginning to support policies that will enhance the ability of wineries to be successful. Additionally, the press is recognizing the economic development importance of wineries and is becoming increasingly vocal in their support. This attitude change puts wholesalers in a very difficult position when they attempt to use their raw political power to level down. The ultimate result of the post-*Granholm* turmoil may well be leveling up and general sympathy towards in and out-of-state wineries.

This shift is becoming clear in many states as the legislative battles to retain in-state winery marketing rights come up against the challenges of the *Granholm* decision. As wholesalers pressure state legislatures to level down and take away marketing opportunities from wineries, the press, the public and various arms of government have, somewhat surprisingly, stepped up in defense of wineries. This in spite of the vast sums wholesalers have invested in political support over decades of involvement in a protectionist system. In state after state, outrage over the attempt to protect the monopolistic cartels, notwithstanding the damage it might cause to developing wine industries, has forced all parties to the table to hammer out compromises. Despite some setbacks, the various parties – regulatory, executive, legislative, and business – appear to be seeking ways to preserve the economic viability of wineries. Many challenges remain and in many instances there are no easy solutions. But America's wineries should take heart that their story is compelling and will ultimately lead to, more or less, acceptable solutions in most states, even as those solutions require creativity and unfamiliar ways of doing business.

WineAmerica has played a role in this process, coordinating state efforts, sharing information, counseling and helping to enhance the bargaining position of local wineries. A majority of the effort has been undertaken by state winery organizations which have had to raise funds, hire public relations and lobbying counsel and work hard to get their story out. WineAmerica applauds the efforts of wineries throughout the country in their valiant fight to protect key marketing rights.

Update: Direct Shipping & Self-Distribution

With a majority of state legislatures in full swing, wineries across the country are continuing to focus on direct shipping and self-distribution legislation. Currently

Category of Links

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[WineAmerica Supplier Membership Webpage](#)

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[Alcohol Tobacco Tax & Trade Bureau \(TTB\)](#)

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[WineAmerica Trailblazers](#)

Click above to view the WineAmerica Trailblazers homepage

Contact Us

www.wineamerica.org

info@wineamerica.org

at least 27 states have some form of legislation that has been introduced. Though many state wine industries have not seen much movement, or are still in the beginning stages of this process, several states have seen some success and are looking toward the end of the legislative session. The following is a synopsis of the recent activity around the country:

Arizona – On February 22nd, the Arizona House Commerce Committee voted down HB 2697 with a 4-3 vote. The bill, backed by the wholesalers, would force wineries to use the three-tier system and would ban direct shipping. Meanwhile, HB 2500, backed by wineries, looked like it would die in committee. But due to winery activism and consumer involvement, the bill was revived and on February 20th it was voted out of the House Natural Resources and Agriculture Committee with an 8-2 vote. The bill now heads to the House for a full vote.

Florida – Following a court decision last year, several of the state's shipping laws were overturned, though shipping to consumers was still not easily done. Now, the Division of Alcoholic Beverages has posted shipping instructions on their website and direct to consumer shipments are allowed. Wineries can ship unlimited quantities of wine to consumers, but must file reports and pay use (6%, quarterly report) and excise (\$2.25/gallon, monthly report) taxes. More details will be available soon.

Illinois – Illinois wineries are still working to get their bill passed, HB 4444 which allows wineries to ship to consumers and sell to retailers. HB 4444, along with the wholesaler backed bills (HB 4350, SB 2180 – level down on direct shipping) have been passed out of committees and are awaiting votes in their respective chambers. The wineries are still working hard to garner consumer and legislative support and to find a compromise solution.

Indiana – Two wholesalers backed bills, HB 1250 and HB 1190, which required wineries to go through the three-tier system, appeared to have been defeated for the session. HB 1250 was not passed out of the Senate Committee on Commerce and Transportation and HB 1190, though amended in committee to be slightly less onerous than in its original language appears to face a tough fight going forward. Indiana wineries worked hard to gain consumer and legislative support and are preparing to face this issue in the next legislative session.

Kentucky – Wineries in Kentucky are battling the wholesalers over their proposed bill, SB 82, which would ban or severely curtail winery rights to self-distribute and would allow wineries to direct ship 2 cases of wine to consumers. HB 507, also making its way through the legislature, would allow out-of-state wineries to ship to consumers for on-site purchases. The wineries are working with consumers to fight these bills in committee.

Massachusetts – Last year the Massachusetts legislature passed a bill allowing for wineries to ship directly to consumers. At that time the bill was vetoed by Governor Romney. In February 2006, the legislature overturned the Governor's veto and now HB 4498 becomes law. This bill creates a \$100 permit for wineries and also allows for small wineries producing less than 30,000 gallons annually to sell directly to retailers. The Massachusetts Alcoholic Beverages Control Commission is currently working on creating rules to implement this new law.

Ohio – As with several other states, courts struck down Ohio's laws governing direct shipment and a court order opened the state for all wineries to ship directly to consumers. Currently the Ohio ABC has proposed creating a permit system that would allow wineries, breweries and retailers to sell directly to consumers and retailers. Wholesalers are introducing their own bill to level down the state.

Pennsylvania – A bill backed by wholesalers (HB 2450) was recently introduced in the PA legislature that would require limited wineries (producing less than 80,000 gallons) to deliver wine to consumers through the state ABC who would

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then be able to charge consumers a delivery fee. After the introduction of the bill Governor Rendell came out in support of the three-tier system, though he has since retracted some of his support.

Miscellaneous - FedEx has alerted WineAmerica that they are now taking wine shipments into New York and Florida.

We will continue to keep you updated as the legislative sessions wind down. Please contact WineAmerica with any legislative questions.

Don't Forget to Sign Up Now for the 2006 Wine & Grape Policy Conference!

March 26-29, 2006
Washington Court Hotel
Washington, DC

Please Join Us!

With all of the policy changes facing wineries around the country, this meeting is a great opportunity to network with other wineries to learn about the issues they are facing and to identify best practices that will help you in your state.

The "Taste the Wines of America" Congressional Reception and visits to the Hill provide you the valuable opportunity to meet with Members of Congress to talk to them about supporting the wine industry. With the President having just proposed TTB user fees and Congress getting ready to debate a new Farm Bill, it is important that you reach out to your representatives now to let them know how these policies affect you.

March 1st is the cut-off date to register at the early bird rates for the upcoming meeting in March. You can register online or download and send in your registration form. Please register as soon as possible as a head count is needed prior to the event.

For more information about the meeting or to register, please visit the meetings and events section of the WineAmerica website. Please contact Jenny Mattingley with any questions or for hotel suggestions –

jmattingley@wineamerica.org.

Updated Meeting Agenda

AGENDA

Sunday, March 26

3:00-5:00 PM	Executive Committee Meeting
5:00-7:00 PM	WA/WGA Informal Welcoming Reception
7:00-10:00 PM	No-Host Dinner

Monday, March 27

8:00-10:00 AM	Concurrent WGA and WineAmerica Board Sessions
10:00-12:00 PM	Joint WA & WGA Issue Briefings for Hill &

WineAmerica Supplier Members

Idology Group, LLC
www.idology.com

Kendall-Jackson Nursery
www.kj.com

Sell More Wine
www.sellmorewine.com

Apprise Technologies
www.apprisetech.com

Davis Wright Tremaine, LLP
www.dwt.com

In Short Direct Marketing
www.inshortmarketing.com

Inertia Beverage Group
www.inertiabev.com

McDermott Will & Emery
www.mwe.com

TradePulse
www.tradepulse.com

Advance Packaging Corporation
www.advancepkg.com

Bottle Gnek Inc.
www.vinamor.com

Capital Wine & Spirits
www.capitalwine.net

Cosmo Graphics

Envision, LLC
www.envision.com

FedEx-US Marketing
www.fedex.com

Fine Vine Wines, LLC
www.finevinewines.com

Hinman & Carmichael, LLP
www.beveragelaw.com

La Belle Amie Vineyard & Winery
www.labelleamie.com

McCandlish Holton PC
www.mccandlishholton.com

MKF Group, LLP
www.mkf.com

Pride Polymers, LLC
www.pridepolymers.com

The Rawls Group
www.rawlsgroup.com

Valley Global Insurance
www.vgib.com

Valley Wine Storage

VICAM
www.vicam.com

Vine Tales, LLC
www.vinetales.com

Virginia's Best
www.vabest.com

WinoWorld.com
www.winoworld.com

Agency Visits

12:00-1:30 PM

Policymaker Luncheon

Speaker: Sen. Burr (R-NC)

2:00-5:30 PM

USDA/Industry Meetings

6:30-9:00 PM

No-Host Dinner

Tuesday, March 28

7:30-8:30 AM

Policymaker Breakfast

Speaker: Sen. Patty Murray (D-WA)

8:30-8:45 AM

Speaker: Susan Molinari, CEO, The Washington Group

8:45-10:15 AM

Concurrent WGA and WineAmerica Board Sessions

10:30-5:30 PM

Hill Visits

5:30-8:00 PM

"Taste the Wines of America" Congressional Reception

Wednesday, March 29

7:30-10:00 AM

State Associations Council & Delegates Breakfast and Meeting

11:00-5:00 PM

Hill Visits—Continued

[Click Here to Register Online](#)

Or

[Click Here to Download Registration Forms to Mail in with your Fee](#)

We hope to see you in March!!

House Bill Threatens to Leave Wineries Without a Stable and Legal Workforce While Levying \$25,000 Fines; Senate "Chairman's Mark" Expected Shortly

The Border Protection, Anti-Terrorism and Illegal Immigration Control Act of 2005 (H.R. 4437), threatens to leave US agriculture without a workforce. This bill, passed by the House of Representatives on December 17th, includes no components supporting the needs of US agriculture. Instead, it levies fines as high as \$25,000 per illegal worker, even if the employer is unaware of the illegal status. While it is unlikely to pass the Senate, this bill and similar proposals will continue to be debated into the next session of Congress. The momentum is clearly toward "enforcement only" bills in the House of Representatives, a chilling future for wineries that require a stable and legal workforce.

Additionally, on March 2nd, a "Chairman's Mark" will be brought before the Senate Judiciary Committee with Senator Specter (R-PA) introducing his own proposal to address the immigration issue. While his bill does not include

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provisions specifically covering H-2A workers (agriculture), Senators Edward Kennedy (D-MA.) and John McCain (R-AZ) are seeking to alter the bill to include comprehensive reforms for temporary guest workers. In either case, the end product may differ greatly from Senator Specter's original proposition.

Given this environment, US agriculture groups continue to support The Agricultural Job Opportunity, Benefits, and Security Act (S. 359; H.R. 884) as a balanced solution to the current immigration crisis. In April, AgJOBS battled fierce opposition during an attempt to attach it to the Wartime Supplemental Appropriation Bill in the Senate. With 53 votes in favor of adding the bill, AgJOBS just missed the necessary 60 vote goal, but sent a clear message that AgJOBS is the only immigration reform bill with a realistic chance of passage. Senator Larry Craig (R-ID) continues to lead the fight to make AgJOBS a reality and bring much needed reforms to the current US immigration policy.

AgJOBS provisions would provide a stable and legal workforce for agricultural employers, extend basic legal protections and provide better working conditions, adjust the temporary resident status of foreign agricultural workers that meet the outlined criteria, and offer the opportunity for foreign agricultural workers to gain permanent resident status if they meet their obligations.

Facing claims that AgJOBS would make it easy for immigrants to obtain US citizenship, proponents of AgJOBS point out that only legal program participants who satisfy a minimum of three to six years of agricultural labor would be eligible to apply for citizenship. Additionally, AgJOBS would provide for more documented workers and less strain on the Department of Homeland Security when managing the border.

Currently, over 500 agricultural groups from across the nation, including WineAmerica, have offered their support for this historic legislation and remain devoted to the principles of rational and objective immigration policy.

Everything You Need to Know About WineAmerica Trailblazers! Don't Forget to Alert Your Tasting Room Staff!

At the end of last year, WineAmerica began a new program – the WineAmerica Trailblazers. This program is for qualified consumers that support the wine industry and are interested in visiting wineries around the country to learn more about their unique approaches to winemaking.

Since the beginning of the program, many consumers have signed up to take part and several have already begun visiting wineries. This is a great opportunity to bring more consumers to your door by offering incentives to them. Here's what you need to know about this program and about attracting Trailblazers to your winery:

1. What does the Trailblazers program offer consumers?

For \$25 per year, Trailblazers receive access to an online WineAmerica membership roster, a calendar of events, and information about the American wine industry. The goal of this program is to build a bridge between consumers and our member wineries to bring more business to your door and to introduce more people to the diversity of the American wine industry.

Label Tip of the Month:

**** Never Bottle and Label your wine until your COLAs are approved by the TTB. It is illegal to do so, and you risk getting audited by the TTB.**

If you have questions about timing or about your labels, please contact WineAmerica before you bottle! **

2. How can I let consumers know that Trailblazers are welcome at my winery?

Easy – place the Trailblazers logo on your webpage and post a flier in your tasting room. You can download both the logo and flier from the WineAmerica website link at the bottom of this ezine.

You can also participate in the Industry Spotlight newsletter that will go out quarterly to the Trailblazers. Please contact Jenny Mattingley if you are interested in listing any incentives in the newsletter or if you have any information on your state wine industry that you would like to include.

3. What does my tasting room staff need to know?

Please make sure that your tasting room staff knows about the Trailblazers program. We have suggested to Trailblazers that they call ahead to your winery before visiting. They also have a membership card that they will show to your tasting room staff to receive benefits/incentives – your staff can view a copy of the membership card by logging in to the Members Only section of the website and clicking on the Trailblazers link on the right side of the page.

4. What sort of incentives can I offer Trailblazers?

You are not required to offer any incentives to Trailblazers. We ask that you treat them with the same quality service you show all of your customers. However, to draw more Trailblazers to your door, you can consider offering a tasting room discount, special tasting or tours, etc. – please make sure your tasting room staff is aware of any offers!

5. Who do I contact at WineAmerica for more information?

Contact Jenny Mattingley (jmattingley@wineamerica.org) or Kelly Rusk (krusk@wineamerica.org) with any questions about this program.

WineAmerica Virtual Trade Show to be Launched on March 15th

Showcasing Supplier Members While Providing Winery Members Easy Access to Discounted Programs

The WineAmerica Virtual Trade Show will be launched on March 15th, 2006. This exciting new feature on the WineAmerica website (www.wineamerica.org) will give members easy access to learn more about the wide array of benefits offered by WineAmerica Supplier Members and get immediate information on how to participate in these discounted programs.

By simply logging into the Virtual Trade Show, users can select the “Supplier Booth” they wish to visit and not only find key contact information, but clear descriptions of the Supplier and their offerings, links to their websites as well as additional links and documents where available.

The Virtual Trade Show acts as a bridge between Winery and Supplier members through an online portal in which Supplier members actually manage their own “booth.” When a Supplier Member logs into the Virtual Trade Show, they will be

Quick Tip:

**** Just a quick reminder that there are two WineAmerica employees with similar names, but different areas of focus:**

Jennifer Montgomery is the Director of Political Affairs & Grassroots

Jenny Mattingley is the Director of Communications & Membership Services

Confusing, but it keeps you on your toes! **

able to completely control their content through an easy to use interface. This includes adding/editing their contact information and description, adding/editing their logo, as well as the opportunity to add/edit up to 3 additional website links and 3 supporting documents.

Be on the lookout for the Virtual Trade Show, as more news will follow and an E-Zine will be sent providing a link to this exciting feature.

If you are a Supplier member, it is easy to use and the perfect tool to highlight your services. Don't let this opportunity go to waste!!! You have earned this through your membership and support of the wine industry.

So members, be ready for a revolution in access to programs that affect your bottom line. Sit back, relax and let your fingers walk you through the WineAmerica Virtual Trade Show!

From the COLA to the Shelf

Tips for getting your labels approved and out the door

Here are some Tips and Tools to consider when you are putting together your applications for label approval.

- ❑ DO NOT BOTTLE OR PRINT LABELS PRIOR TO GOVERNMENT APPROVAL, IT IS ILLEGAL AND CAN RESULT IN YOUR WINERY BEING AUDITED AND TTB PULLING PRIOR APPROVALS.
- ❑ When printing your COLA applications, please ensure that they are the correct size, printed on legal sized paper with the bottom bar at the bottom of the page, and that the text is not reduced on the form.
- ❑ If you are using a fanciful name, do not include the varietal of grape or the classification of the wine in the fanciful name box.
- ❑ Please include a duplicate of the original label application along with your submitted label application.
- ❑ For all wines that have ingredients added to them, such as flavorings, spices, or other juices, a formula must be approved by the TTB prior to label approval.
- ❑ If you plan on sending your label images via e-mail and your COLA applications through the mail, please let the label specialist know.
- ❑ The range for Table Wine is 7%-14%; wines that have an alcohol content outside of this range may not use Table Wine as either the Class/Type Designation or as the alcohol content statement.

Welcome to the Newest WineAmerica Supplier Members!

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Santa Rosa, CA
www.kj.com

McDermott Will & Emery

Washington, DC

www.mwe.com

McDermott Will and Emery is a full-service law firm with unparalleled expertise in representing wineries and other supplier-tier members.

TradePulse

Novato, CA

www.tradepulse.com

TradePulse is a leading provider of wine industry information products and services, based in Novato, CA. Our offerings include: sales analysis, market research, and distributor depletion services to U.S. wineries and importers. We offer the Gomberg Frederickson report, Wine Data Pricing report, and Premium WineScan, a retail scan sales reporting system for wine brands/products/varietals sold at retail grocery chains through our joint venture with ACNielsen.

WineAmerica Staff Contacts

Bill Nelson, President

bnelson@wineamerica.org

Kelly Rusk, Director of Operations & International Affairs

krusk@wineamerica.org

Jennifer Montgomery, Director of Grassroots & Political Affairs

jmontgomery@wineamerica.org

Jenny Mattingley, Director of Communications & Membership Services

jmattingley@wineamerica.org

Kari Den Otter, Label Compliance Specialist

labels@wineamerica.org