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From the President's Desk

In May the weather in Washington heated up and so did the pace of Congress on issues important to America's wineries. The legislative process, awkward and messy as it may be, has begun in earnest on two of our key issues, immigration reform/AgJobs and the new Farm Bill. WineAmerica also provided support in May for several state organizations facing legislative or legal challenges involving winery law, self-distribution and direct shipping. It all added up to a frenetic month.

The immigration bill now being debated in the Senate is very complicated and there is much to dislike in its content. Nevertheless, for its plan to ensure a reliable and legal supply of farm and agricultural labor it is a definite boon. The comprehensive bill contains most of the elements of an AgJobs bill, which WineAmerica has supported for several years. Prospects for passage of the bill are definitely touch and go. The Senate has debated it for about a week and a delicate coalition has been able to fend off damaging amendments so far. Some additional amendments are likely to pass and it appears that the Senate will bring its final bill to a vote at the end of the first full week in June. The President has been very active in support of comprehensive reform.

The consensus among the coalition supporting AgJobs is that the bill being debated in the Senate, with some minor modifications, is the only hope for progress in this area for a very long time. While the bill is imperfect and is easy to criticize, it is the best we have. Let us not let "the perfect be the enemy of the good." It is important for WineAmerica members to let their Senators know that their ability to be competitive, and even in some cases to stay in business, is very much dependent on a having a legal and reliable labor force. Please remember that the agriculture provisions in the bill are excellent and if the coalition supporting comprehensive immigration reform can remain unified and get a bill passed, farmers across the country will sleep better at night knowing that there is a labor force willing and anxious to do the work necessary to produce competitive farm products.

Before leaving for the Memorial Day recess, a subcommittee of the House Agriculture Committee began the first "mark up" of part of the 2007 Farm Bill. As you may know, "mark up" means approving language and acting on amendments. The Conservation, Credit, Energy & Research subcommittee mark up took place on May 22nd, and was generally favorable to specialty crops. The subcom-

mittee accepted the Department of Agriculture proposal to spend \$100 million per year on a Specialty Crop Research Initiative providing for crop and region specific research on behalf of specialty crops. This plan closely tracks a proposal, first put forward by the Specialty Crop Farm Bill Alliance, and constitutes a very major "first" victory. Unfortunately, the funding is not yet assured. The subcommittee merely called for an authorization which will have to be approved by the Appropriations committee, but we are making progress and it is our hope that the funding can be increased and converted to mandatory funds by the full committee when it considers the work of the subcommittees and produces a final bill to be taken to the floor. Full committee action is expected by the end of June. If you want to read the language approved by the subcommittee, go to the House Agriculture Committee website: <http://agriculture.house.gov/inside/2007FarmBill.html>. Further markups are scheduled for the first full week of June and will include the Specialty Crop Block Grants and National Clean Plant proposals.

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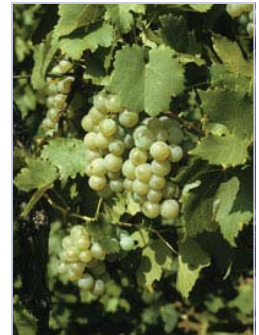


Indications are good that there will be additional fund-

ing in the Farm Bill, a significant part of which will go towards maintaining and enhancing the competitiveness of all specialty crop producers. June promises to be a critical month. The Subcommittee also worked on conservation issues, accepting an amendment to allow the Secretary of Agriculture to encourage the development of

voluntary sustainability practice guidelines and another amendment which includes first handler income as part of farm income for determining eligibility. There are important provisions in the conservation title which will be ultimately helpful for specialty crop producers. It is too early to evaluate those provisions as the benefits will in many cases depend on funding levels which are not yet determined. The Specialty Crop Coalition, of which WineAmerica is a part of, remains strong and unified. It will

need to stay that way for the next several months as the House, and then the Senate, addresses and eventually passes a new farm bill. Not every member of Congress supports our goals so we will need to reach out to our supporters to be sure they are motivated to insist on a balanced farm bill which helps specialty crop producers who are responsible for almost half of plant agriculture.



Grapes are the largest Specialty Crop in the US

Federal Snapshot: Beginning Farmer & Rancher Opportunity Act of 2007

In mid-May, Senator Harkin (D-IA) released a bill – the Beginning Farmer & Rancher Opportunity Act of 2007 – to be included in his 2007 Farm Bill proposal. This new legislation builds on programs set up in the 2002 Farm Bill and is meant to provide financial incentives and assistance for those just entering the agriculture field. Programs are administered by the USDA and funding is available for different areas of farm credit and debt financing.

Proposals in the new bill include:

- Strengthening conservation provisions established in 2002 Farm Bill by providing increased technical assistance, clarifying cost share rates, and offering financial incentives for developing whole farm resource management system conservation plans as part of participation in CSP or EQIP.

- Establishing a new pilot program (Individual Development Accounts) that promotes matched savings accounts to be used on capital expenditures; administered through the FSA.
- Increasing the direct ownership and operating loan limits from \$200,000 to \$300,000.
- Providing \$25 million per year in competitive grants to community-based organizations training and mentoring beginning farmers and ranchers.

According to Senator Harkin's office, an estimated 400 million acres of agricultural land will be transferred to new owners over the next twenty years. Moreover, farmers over the age of 65 outnumber those under 35 by a margin of nearly two to one. The initiatives in this bill are meant to encourage a new generation to pursue a career in farming.

The Beginning Farmer and Rancher Opportunity Act is co-sponsored by Sen. Grassley (R-IA), Sen. Baucus (D-MT) and Sen. Brown (D-OH) and Reps. Hersteth-Sandlin (D-SD) and Walz (D-MN). The Senate version of the bill (S. 1412) is in front of the Committee on Agriculture, Nutrition and Forestry and the House companion bill (H.R. 2348) is in the House Agriculture Committee.

The provisions of this bill are useful to wineries and grape growers. This new bill adds on to already existing provisions, so there are currently programs available to wineries. For information on loans and other sources of funding for new and existing wineries, login to the WineAmerica Development Center, listed under the Members Only tab on the main menu of the website.

From the COLA to the Shelf: Tips to Get Your Labels Approved and Out the Door

Is My COLA filled out properly and what do I do with it once it is?

With the recent addition of quite a few new members to WineAmerica, we thought it would be beneficial to take you through filling out a COLA form step by step.

Do I have the right form?

The first step in submitting a COLA (Application For and Certification/Exemption of Label/Bottle Approval) is printing out the form. The TTB (Alcohol Tobacco Tax and Trade Bureau) requires two copies of each form to be submitted for approval. They keep one for their records and they return one to us, which we return to you. One of the forms can be a photocopy, but at least one of the forms requires an original signature. The correct form has the number TTB 5100.51. The date in the upper right hand corner of the page should read 01/31/2009. The form can be found in the Label Approval section of the WineAmerica website or the TTB's website - <http://www.wineamerica.org/labels/labelprogram.htm>

What size does my form have to be?

The TTB requires that each COLA form be formatted for legal size paper. (8 1/2" by 14") Any form not on legal size and not properly formatted will not be accepted by the TTB. One of the problems we've run across are forms on legal size paper, but not properly formatted.

To properly format your COLA form before printing, do the following: In Adobe Reader (the program used to download the form) go to the file menu. Then select "Print Setup" and select 8 1/2" by 14" as the paper size. Then you can print off a properly formatted form.

How do I fill out my form?

Once you have your forms it is time to fill them out. Some of our members prefer to fill them out electronically and then print them out. Other members fill their forms out by hand. Here is a step by step process for filling out the form:

Rep. ID. NO: WineAmerica's TTB Rep ID number is 1008.

Plant Registry/Basic Permit/Brewer's NO: Your bonded winery number assigned to you by on your federal basic permit.

Source of Product: The TTB now requires you to list whether your wine is domestic or imported.

Serial Number: This is to start with the current year, you can number the labels in any order that you wish for your records, but it must start with the year and each label must have a specific number.

Type of Product: Check wine here, unless you are submitting a label for a product other than wine.

Brand Name: Please fill in the brand name of the particular wine. The brand name is the name under which the product is sold, if there is no specific brand name, the name of the bottler becomes the brand name.

Fanciful Name: Please fill any fanciful name for the wine in here; this might include the use of descriptive proper names for the wine. An example would be "Fanciful Red". *Do not put the varietal of the wine in this section.*

Name and Address of Applicant: This line must match what is listed on your label under the "bottler's statement" and the address on your federal basic permit. If you are using a DBA you must indicate this. If your permit lists your winery as "American Vineyards, LLC" this must appear in this line. However, if your label states, "Produced and Bottled by American Vineyards" you must list American Vineyards as a DBA. If your mailing address is different than the address listed on your permit, please list it in 8a

Email Address: Include any email address for your winery here, this is not mandatory.

Formula/SOP No.: If you are submitting a wine that required formula approval, include the formula number here.

Lab No. & Date/Pre-Import No. & Date: If your wine required laboratory analysis you would fill in the lab number and the date it was approved here.

Net Contents: Fill in the net contents of the bottle for the particular label here. Example: 750 ML

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Winery Bonds 101

Many state revenue departments require wineries to file bonds for a variety of functions. This could be in order to receive certain licenses, such as direct shipping licenses.

As you may know, bonds are used by the state to ensure that they receive required tax payments. Usually a winery has to provide the state with a certain bond amount, say \$1,000 - \$10,000. If a winery is negligent on its tax payments, the state will take the money out of the bond. If, however, the winery is in good standing, many states will return the bond after a certain amount of time has passed.

Wineries can get bonds from insurance agents (WineAmerica Insurance program has written numerous bonds over the years). Though the bond amount sounds daunting, in actuality, a \$1,000 three-year bond will only cost a winery approximately \$260, though wineries can choose to pay the entire amount up front. The cost of the bond will increase as the bond amount increases.

For more information on bonds, contact WineAmerica Insurance Administrators at 1-800-524-4442.

State Legislation Roundup

The following is a list of the latest legislation from states that was either passed or is still moving in May. Overall, wineries continue to make gains in passing laws that help the industry. Though many states have direct shipping or self-distribution issues that will remain unresolved until next session.

Alaska – HB 34 sent to Governor – Revises law allowing holders of winery licenses to ship to an individual as long as that person does not reside in a dry location. Gives in-state wineries same privileges as out-of-state wineries.

Connecticut – SB 1204 sent to Governor – Small revision to existing shipping law; changes amount shipped in a specified time from up to 5 gallons in any sixty day period to up to 5 gallons in and “two month period.”

Florida – All of the direct shipping permit bills died in committee and the legisla-

ture closed down until next session. The main fight over the bills centered on capacity caps as a permit requirement. The FL Department of Professional Business Regulations took down the shipping instructions on their website. At this time, wineries shipping directly to consumers in FL should continue to follow the original rules on reporting and tax pay until told otherwise.

Missouri – SB 299 sent to Governor – This bill removes the state’s reciprocity shipping law and creates a permit system. There is no fee for the permit, though wineries must file annual reports and pay excise taxes. The permit carries a 2 case per month limit.

Montana – SB 127 & SB 524 signed into law – SB 524 mostly codifies brewer laws, but it does allow wineries that exceed the case limit to a holder of a connoisseur’s license to ship directly to retailers if the winery holds the cor-

rect license. SB 127 allows in and out-of-state wineries to self-distribute if they hold a winery license. Wineries can get their product to retailers via their own equipment, contracting with a distributor, or common carrier; there is a quantity limit of 4,500 cases per year and licensees must file reports; license fees are \$400 for the first year and \$200 for renewals.

Nebraska – L 578 passed legislature – Doggie bag law

Oregon – HB 2171 & HB 2677 both moving through legislature – HB 2171 extends the shipping reciprocity to all states (basically opens the state) and HB 2677 allows out-of-state wineries to self-distribute (creates a permit - \$100 fee with \$1,000 bond).

Vermont – SB 120 signed into law – Allows wineries to conduct tastings at farmers markets.

From the COLA to the Shelf—Continued from p.3

Alcohol Content: Enter the alcohol content stated on the label. If you state the alcohol content as “table wine” rather than a percentage write “table wine” here.

Wine Appellation: Enter the appellation for your particular label (if any) here. Remember, if you have a vintage date you must include an appellation smaller than a country.

Wine Vintage Date: Include any vintage date here.

Phone Number: Include your winery’s phone number.

Fax Number: Include your winery’s fax number.

Type of Application: Here you must check either “a” or “b”. You can only check “b” if you plan to sell your product in the state your winery is located. If doing this, you must note on the label that it is for sale only in your specific state. If you are resubmitting a previously rejected label check “d”, and we will fill in the appropriate TTB ID number when we receive your application.

Here you are required to list any wording that may be affixed to your bottle, such as the net contents blown into the bottle. If anything on your label is in a foreign language it must be translated here.

Where do I attach my labels?

After completing the top part of the application, you must date and sign it as indicated in items 20-22. You then must affix a complete set of your labels in the portion of the form indicated (*they cannot be photocopied on*). **Please attach your labels to the form with tape rather than glue or paste.** The labels are not required to be in color, but they must be legible. If you need to shrink your labels to fit on the page, you must state how much they were reduced. If your labels are embossed on your bottle, you must still attach a set of “labels” to the front of the application. The TTB requires you to attach a photograph of the bottle as well.

Should I staple my COLA forms together?

You should send us your labels attached with a paper clip, or we will paper clip them together. Never staple your forms together.

Where do I send my labels?

You should send your labels to:

Wine America
Attn: Michael Kaiser, Manager of
Regulatory Affairs
1212 New York Avenue, NW
Suite 425
Washington, DC 20005

WineAmerica General Store

WINEAMERICA
MONTHLY
NEWSLETTER
-JUNE 2007-

WineAmerica
1212 New York Avenue NW
Suite 425
Washington, DC 20005

Phone: 202-783-2756
Fax: 202-347-6341
Email: info@wineamerica.org



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Dir. of Communications &
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Michael Kaiser
Manager of Regulatory Affairs
labels@wineamerica.org

Brochure Holders Up For Grabs

WineAmerica has a large box of plastic brochure holders – WineAmerica doesn't need them and would like to offer them to any wineries that might use them.

They are unopened and can either be hung or stand alone. They are free on a first come first serve basis.

If you are in need of any brochure holders, please contact Jenny Mattingley at jmattingley@wineamerica.org.

BARRELS FOR SALE

French Used: \$444
American \$228
American Used: \$195

FOB Boxwood Winery
Middleburg, VA

33 BARRELS FOR SALE

COOPERAGE	AGE	QTY	ORIGIN	FOREST	TOAST
Demptos	New	1	American		MT
	1 year	13	American		MT
	1 year	6	American		MP
	1 year	2	French	Nevers	MP
	1 year	3	French	Allier	MP
	1 year	6	French	Limousin	MT
	1 year	2	French	Limousin	MP
TOTAL		33			

BULK WINE FOR SALE

\$11/gallon
FOB Boxwood Winery
Middleburg, VA

Boxwood Winery has 300 gallons of blended Merlot and Cabernet Franc wine for sale. The grapes were grown in Virginia harvested in 2005 fermented in stainless steel tanks and aged for 6 months in Demptos American oak.

Prices FOB Boxwood Winery
Middleburg, VA
Contact: rem@boxwoodwinery.com