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From the President's Desk

Farm Bill Update

As we roll into March, Congress continues to bicker about how to pass the Farm Bill. Strong compromises are required because of intransigence from the Administration which seems to want to veto any possible revenue raisers as "tax increases."

Unfortunately, the bill does require more money in order to address new needs, such as help for specialty crop farmers. This dilemma is going to take some hard bargaining to resolve and it remains to be seen when or how those solutions are going to emerge. For now it appears that specialty crops are still in a strong position and are likely to get most if not all of the improvements we have been seeking.

The Chairman of the House Agriculture Committee, Colin Peterson of Minnesota, has indicated that he will not support a long term extension of the 2002 Farm Bill, legislation that does very little for specialty crop producers. He favors reverting to so called "permanent law" with many obsolete and distorting policies if agreement on a new farm bill cannot be accomplished. His goal in that positioning is to

place great pressure on all parties to come to a compromise.

We may hear more about developments on the farm bill shortly and will communicate that to our members as significant movement actually takes place.

Value Added Grant

Please remember that applications for USDA 2008 value added grants must be completed by March 31, 2008. These opportunities work very well for wineries but the process of submitting a grant is not simple. More information can be found on the WineAmerica web site under the Federal Issues page at <http://www.wineamerica.org/issues/federal.html>.

Staff Changes

Jenny Mattingley, a stalwart member of our staff for the last three years and someone virtually every member has had contact with, will be leaving our organization in a few weeks to jump back into the world of politics. Her main role has been as membership director but she also

picked up a lot of responsibility for operations when Kelly Rusk moved to Wisconsin last spring. Jenny will be sorely missed but I wish her great success. In her place we have hired Gaby Matthews as Manager of Communications and Membership Services and are seeking to hire an Operations Manager as soon as we can find the right person. Gaby's previous work experience was with the Washington Wine Commission where she held the positions of Communications Coordinator and Communications Manager. She received a BA in English Language and Literature from Smith College in Massachusetts.

Annual Meeting

WineAmerica's annual Washington meeting is next week and we are all gearing up for an interesting and productive meeting. We will post position papers in the online Lobby Center after the meeting and will be posting meeting minutes in the Members Only section.

State Legislative Roundup

The year is already in full swing and so are many state legislatures. In fact, many will be wrapping up their sessions this month or in April. Although we are just a few short weeks into the new year, much wine legislation has been introduced.

Several states are working on implementing legislation that would allow wineries to sell wine at festivals and farmers markets. Direct shipping and

self-distribution remain issues in a handful of states – look for the last remaining reciprocal states (IA, NM, WI) to consider switching to a permit system. Increases in excise and sales taxes have again been introduced, but most bills appear to be stalled.

For information on the bills that have been introduced in your state or issues that are at play in several states visit the WineAmerica Lobby Center's State Legis-

lation Tracking database. This database is updated weekly and lets you monitor the bills that have been introduced this session – either by state or by issue area. It is important that wineries are involved and aware of legislation that is being pushed in their state as it has a direct effect on how business is conducted and bottom lines.

Label Processing: Tips & Tools

Using Multiple Varietals and Multiple Vineyards

When producing a blend there are certain rules that need to be followed for the wine label. The names of two or more varieties may be used as the type designation if all of the grapes used to make the wine are of the labeled varieties.

The percentage of the wine derived from each variety must be shown on the label (with a tolerance of plus/minus two percent). The percentage must add up to 100%, and must be shown in descending order. If the blend is labeled with multicounty, multistate or more than one AVA the per-

centage of wine derived from, each must be shown on the label. The same rules apply for multiple vineyards. If a wine is derived from grapes from more than one vineyard, the percentages must be stated on the wine label in descending order and must add up to 100%. If the wine is derived from grapes from more than one vintage, you may not list more than one vintage on the wine label.

Attaching Labels to COLA forms

The TTB requires that each COLA form has an actual-sized version of each label attached in the space provided on each form. The labels should be

taped, not glued. If the labels will not fit in the space provided you must reduce them to a size that will fit and note in item 19 the percentage of reduction on the COLA. A full size version of the label should be attached to the back of the COLA form. If you are submitting labels etched onto glass, you must attach an actual-sized representation of the labels and a picture of what the bottle will look like to the front of the form.

Don't forget to check your page on WineAmerica's members only site for new information. Log in today at www.wineamerica.org!

Regulatory News

Reminder: Comments Requested By the TTB

A reminder to all members, time is running out to submit comments on two Federal proposals to change the AVA approval process. Comments are due March 20. The details of each notice are below.

TTB Proposes Changes to the AVA Approval Process

On Tuesday, November 20, 2007 the TTB issued a proposed set of rules (Notice #78) that would significantly revise the approval process for new American Viticultural Areas (AVAs). The main focus of the proposed rules is the approval of AVAs within existing ones and to restrict the use of brand names containing a reference to a particular region.

This past August, after a proposed petition for a Calistoga Appellation became controversial (see Notice 77 below) the TTB halted approval of all pending AVAs in order to review the approval process.

The central change is the establishment of a “grandfathering” clause that would allow already existing geographic brand names that contain a reference to a new AVA to continue to be used as long as they were on a COLA approved at least five years before filing of an AVA petition and have been in actual commercial use for at least 3 years of those five years. This change in regulations is driven by concern that petitioners may propose AVAs to limit competition to the detriment of established businesses.

The TTB also proposed a new re-

view standard for nesting appellations: AVAs entirely enclosed within an existing or a proposed AVA. The TTB proposes that the smaller AVAs may, in some cases, not be considered part of the larger AVA because they may be too distinctive. When a new AVA was established entirely within an existing AVA, TTB traditionally took the position that wine that meets the 85 percent standard for the new, smaller AVA would automatically meet the 85 percent standard for the larger AVA. Now however, depending on the facts involved, the TTB is questioning that position because depending on the unique facts presented in each AVA petition, an argument could be made that the smaller AVA is, by its very existence, distinct from the AVA that surrounds it, with the result that wine produced within it could not be labeled with the name of the larger AVA.

The TTB is seeking comments on these proposed regulatory revisions. The comments must be received by March 20, 2008.

To read the entire notice and to see details on how to file comments, please use the following link: <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-22717.pdf>

TTB Seeks Comments on the Proposed Calistoga AVA

The TTB is seeking public comments on the proposed Calistoga AVA in California (Notice #77). This is the proposed AVA that led to the suspension of the AVA process last summer. At issue with this proposed AVA are two wine brands with the

word “Calistoga” in their brand. The two brands do not use a high percentage of grapes from the Calistoga area, but under the current proposal, one, Calistoga Cellars would be allowed to continue to use the brand name but the second, Calistoga Estate would not as the latter submitted label approvals only after the date the Calistoga AVA petition was submitted.

This type of problem has appeared before in other situations. In those cases, a couple of which are referenced in the proposed rule, the TTB has attempted to find an accommodation where there is enough distinction between the proposed appellation name and existing brand owners. The Calistoga petition seemingly has made such an accommodation difficult or impossible, thus TTB has been forced into a situation where it must make choices between competing commercial interests. To escape this dilemma, the TTB is proposing to apply a limited grandfather rule. To qualify the brand name must have been in use for a significant period of time before the filing of the petition, the wine must be labeled with information sufficient to dispel the impression that the use of “Calistoga” in the brand name conforms to the appellation of origin.

To read the entire notice and to see details on how to file comments, please use the following link: <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-22715.pdf>

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WineAmerica Unveils Two New Partnerships Designed to Help Members Run Their Businesses More Efficiently

Credit Card Processing and Payment

WineAmerica has partnered with Heartland Payment Systems to provide you with credit/debit/prepaid card processing and payroll solutions targeted to small and medium sized businesses.

Heartland offers WineAmerica members the opportunity to save time, worry and money in processing their credit/debit/prepaid cards and payroll. Heartland helps business owners navigate the complexity of managing card acceptance programs with local consultative teams of over 1,600 relationship managers and servicing managers; 24/7/365 live customer support; industry-specific, state-of-the-art technology products and online access to detailed transaction account information.

- Credit Card Processing (single fee structure, rates guaranteed up to three years)
- Payroll Services (online access, direct deposit, workers' comp programs)
- Remote Deposit Capture (deposit checks without going to the bank, integrates with software such as QuickBooks)
- Equipment Rental & Purchase (both credit card terminals for the tasting room and online credit card processing software)

For more information, contact Gaby Matthews at gmatthews@wineamerica.org.

Human Resources Program

WineAmerica has partnered with Core People Resources to provide HR services to wineries. Some of this information is available if you search for it on your own, but the packages below put important documents and information all in one place. In each package are various ready-to-use forms and instructions (from hiring employees, to doing performance reviews, to filling out required federal forms) and regardless of the package you invest in, you will have the ability to call or email the HR help desk to speak directly to an HR professional to get answers to questions, help on best practices and tips on using the information contained in the program.

There are three different programs available to wineries. Each level provides more comprehensive documents and information. Whether you are just starting your winery or have been in the business for awhile, these packages have something for each level:

Small Package - \$299/year

Medium Package - \$499/year

Large Package - \$799/year

To view the contents of each package, take a demo of the program, and learn more, log in to the members only page and click on the Quicklinks for the HR Program - <http://www.wineamerica.org/membersonly/members.cfm>