



From the President's Desk

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Food Safety – Potential \$2,000 Fee

A new, very serious issue has cropped up. House Energy and Commerce Committee Chairman John Dingell (D-MI) is proposing to pay for a major food safety bill through a \$2,000 per year per facility FDA registration fee on all food processors—including wineries. WineAmerica does not support this bill, as it would unfairly penalize small processors like wineries who would have to foot more than \$10 million per year in new taxes. It is especially unfair because all Americans, not simply food companies, benefit from improvements to the nation's food safety programs. Indeed, there are no documented examples of winery-related food safety problems in the United States. Please begin contacting your members of Congress about the proposed fee included on the

current draft of the "Food and Drug Administration Globalization Act of 2008." We especially need contacts to Health Subcommittee members Darlene Hooley (D-OR), Diana DeGette (D-CO), Lois Capps (D-CA), Anna Eshoo (D-CA), Nathan Deal (R-GA), Sue Myrick (R-NC) and Bart Gordon (D-TN). Other Energy and Commerce Committee members with strong winery representation include Greg Walden (R-OR), Jay Inslee (D-WA), Rick Boucher (D-VA), Bart Stupak (D-MI), G.K. Butterfield (D-NC), Fred Upton (R-MI), Mike Ferguson (R-NJ), and George Radanovich (R-CA). Please stress that additional FDA inspections and research should be paid out of general tax revenues without placing such a dramatically unfair burden on small businesses like wineries.

Geneva Grape Genetics Building

A very exciting development was included in the New York state budget in mid-April. The state has decided to partially fund construction of the Geneva ARS Grape Genetics Research Lab. New York has appropriated \$10.5 million, more than a third of the cost of construction. Congress has already appropriated about \$8.4 million and the gap to finishing the building is estimated at about another \$8.4 million. We will be urging Congress to provide the remainder of the funding as soon as possible. This development is a result of a very positive and creative effort on the part of New York State and Cornell University. A key role was played by the National Grape and Wine Initiative (NGWI).

(Continued next page)

Don't Forget to Vote!

As a member of WineAmerica, we need YOU to vote on an amendment to the **By-Laws**. **Voting ends May 30th, 2008**, so please vote as soon as you are able. *Voting is quick and easy: log in to the members only page at www.wineamerica.org and click on the 2008 By-Laws Amendment Vote link to vote electronically.* WineAmerica works for you, but we need you to take an active role in determining the activities of the Association.

At the Board of Directors meeting on March 11, 2008, the Board agreed to recommend to the membership a **By-Law** change to provide more flexibility in accounting procedures. If passed, the amended **By-Laws** will allow the Board to choose yearly between a financial review or a full audit. Please direct any questions about voting to Gaby Matthews at gmatthews@wineamerica.org or 202.783.2756.

From the President's Desk, continued

State Senator Michael Nozzolio, from the Finger Lakes, was the key legislative player in getting the funding.

National Grape and Wine Initiative

The National Grape and Wine Initiative (NGWI) just concluded a terrific meeting in Beltsville, MD. The meeting was held in the Washington DC area in order to facilitate interaction with USDA and National Institutes of Health (NIH) program leaders: the scientists who determine the future directions of sponsored research. There is much enthusiasm and growing understanding of NGWI activities and the partnerships being developed are likely to be very helpful in shaping Federal research towards the needs of the grape and wine industry.

It is clear that NGWI efforts are bearing fruit. A major new project, the National Grape Registry <http://www.ngr.ucdavis.edu/index.cfm?setdisclaimer=yes> is up and running. It catalogs information about varieties of wine, juice, and table grapes, raisins, and grape rootstocks available in the United States. Growers, nurseries, winemakers and researchers can find background information and source contacts for those grape varieties in this single convenient location.

Another major achievement for

NGWI is the developing National Clean Plant Network which will receive significant funding from the Farm Bill. Industry and agencies are united in their enthusiasm for the network for which significant planning has already occurred.

The Agricultural Research Service (ARS) announced at the meeting that ARS scientists are embarking on a study to index the useful genetic variation of more than 2,000 accessions in the ARS grape germplasm collection. The variations being studied may provide genetic keys for controlling variation in traits for enhancing grape quality, such as disease resistance and better berry color. This is a major new commitment of staff and money, about \$1 million per year, and will help cement the USDA-ARS commitment to grape research in general.

Under the leadership of Jerry Lohr, NGWI is raising money to support the hiring of a President and staff. This step is critical for the evolution of NGWI for which will probably include developing a permanent mechanism for industry funding of research.

Health Care Bill

Association Health Plans may move forward this year, or at least be positioned to be part of health care reform in the next Congress. Wide bipartisan support is being lined up behind a bill known as SHOP: the "Small Business

Health Options Program." The bill is designed to allow small businesses to band together to spread health insurance risk over a large number of workers in multiple states. Associations will be able to act as pooling mechanisms, enabling small employers purchase coverage that would be cheaper not only because they would be part of larger groups, but because the plans would be exempt from most state insurance regulations. Instead, the Association Health Plans (AHP) would be regulated by the U.S. Labor Department. Last month some of AHP's strongest backers and strongest opponents announced a compromise on the sticky issue of coverages and worker protection. The bill would allow plans to be offered on a nationwide basis, but it would also retain state insurance regulation for key consumer protections. An additional appeal is that the measure would offer tax credits for the self-employed, as well as for small business owners who pay for at least 60 percent of their workers' premiums. We remain hopeful that this needed reform will become law soon and small wineries across the country will then be able to purchase affordable health care insurance for their employees.

WineAmerica to Launch New Website

WineAmerica staff has been hard at work, and the new website at www.wineamerica.org will be up and running in the early summer. With updated information, an easier-to-use format and a fresh, new look, we hope you'll want to log in often! As always, we welcome any questions, comments and suggestions about the website—or any of our programs and issues. Please direct questions about the website to Gaby Matthews at gmatthews@WineAmerica.org or 202.783.2756.

Label Tips and Tools

Bottling for Another Winery

Quite often, wineries will have wine produced and bottled by them for another winery. This is a very common practice in the wine industry, and the TTB has certain guidelines with which it is regulated. The label may be submitted under the brand name of the winery who requested the bottling from another winery. However, the bottling winery must submit the label ("*American Winery*" in the sample below), and their trade name must be listed under item 8 on the COLA form. Additionally, the bottling statement must match item 8 on the COLA form. The bottling statement must be formatted in one of two ways:

1. "Produced and bottled by American Winery Napa, CA for USA Winery, Lodi, CA"
2. "Produced and Bottled for USA Winery by American Winery Napa, CA."

Under this scenario, the name and address of the bottling winery (in this example, the America Winery) must appear in item 8 of the COLA form and they must submit the label.

COLA Turnaround Time

Since late last summer, those of you who submitted labels through WineAmerica may have noticed that the standard turnaround time was no more than a week. Over the last month, the turnaround time has slowed down to around three weeks. This may have to do with the extraordinary amount of COLAs that are being submitted to the TTB. WineAmerica has submitted nearly 1400 labels in the first four months of 2008: this is a 400 label increase over the first four months of 2007. We recommend that you allow for at least 4 weeks between COLA submission and label printing.

Regulatory News

TTB Establishes Swan Creek Viticultural Area

Following the suspension of AVA approvals, the Alcohol and Tobacco Tax and Trade Bureau (TTB) has established another new American Viticultural Area (AVA): the Swan Creek viticultural area in North Carolina. Raffaldini Vineyards (on behalf of the Vineyards of Swan Creek trade association) submitted a petition to establish the 96,000-acre viticultural area in Northwestern North Carolina. Three wineries and 75 acres of vineyards are located within the proposed area. The boundary of the proposed AVA incorporates portions of Wilkes, Yadkin and Iredell counties and includes a portion of the established Yadkin Valley viticultural area. The name "Swan Creek" refers to a village in the proposed AVA. The village of Swan Creek is approximately in the center of the AVA.

The Swan Creek AVA goes into effect on May 27, 2008. For more information please follow this link: <http://edocket.access.gpo.gov/2008/pdf/E8-9106.pdf>

TTB Proposes Snipes Mountain Viticultural Area

The TTB has issued a notice of proposed rulemaking the Federal Register proposing the establishment of the Snipes Mountain viticultural area. The proposed AVA is enclosed within Yakima County, Washington and is 4,145 acres. The TTB is soliciting comments on this proposal. Written comments must be received on or before June 27, 2008.

Comments may be sent to www.regulations.gov (via the online comment form for this notice as posted within Docket TTB-2008-0003 or mailed to Director, Regulations and Ruling Division, Alcohol and Tobacco Tax and Trade Bureau, P.O. Box 12214, Washington, DC 20044-4412.

WINEAMERICA
MONTHLY
NEWSLETTER
MAY 2008

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Shipping News

New Illinois Shipping Law

Earlier this spring, Illinois passed a law to allow for direct wine shipment to consumers. The law established Illinois as a direct-to-consumer permit state. As of June 1, 2008, wineries will be required to have an Out-of State Winery Shipper's License in order to ship to consumers within the state. Wineries will also be required to file reports with the state, obtain a bond and pay sales and excise taxes. Out-of-State wineries will be permitted to ship up to 12 cases of wine per consumer per year to consumers at least 21 years old. This is an increase over the 10 cases allowed under the previous reciprocal rules.

Under the new law, wineries will be placed into three categories (or classes) based on gallons produced annually:

- Class 1: \$150 license fee and the winery must produce less than 250,000 gallons annually
- Class 2: \$500 license fee and the winery must produce between 250,000 and 500,000 gallons annually
- Class 3: \$1,000 license fee and the winery must produce more than 500,000 gallons annually

Illinois also requires a copy of the applicant's state manufacturer's liquor license and copies of all federal label approvals eligible for shipment. Class 1 wineries may also apply for self-distribution privileges by completing the self-distribution exemption form. Class 2 and Class 3 wineries are not eligible for self-distribution in Illinois.

After the license is issued by the state, the Illinois Department of Revenue will send the permit holder the Liquor Direct Shipper Wine Return tax form. The state requires that excise taxes be paid monthly, and there is a \$1,000 bond requirement. Permit holders are required to pay sales tax. Currently the state has not published instructions for paying sales tax.

The permit applications can be found at the Illinois Liquor Control Commission website, <http://www.state.il.us/LCC/viewall.asp>, and by using the WineAmerica Shipping Tool.

ShipCompliant to Make Donation to Coalition for Free Trade

Supplier member ShipCompliant (part of Six88 Solutions) offers one more reason to let their direct shipping compliance management software simplify your direct shipping program in the month of May. Save time on reporting, make sure your shipments are compliant, stop worrying about remembering shipping rules, and in May only, help Free the Grapes and Coalition for Free Trade continue to open new markets to wine direct shipping.

For each customer who signs up for a year subscription to ShipCompliant during May 2008, Six88 Solutions will donate one month of that subscription cost to Coalition for Free Trade in support of consumer choice in wine.

Don't worry, Wine America members still get their discount during this special donation period! For more information please go to <http://www.shipcompliant.com/helpshackles>