

Dear Kansas House Legislators,

I am offering this testimony on behalf of the Kansas Grape Growers and Winemakers Association (KGGWA), the largest and oldest wine organization in the state of Kansas, of which I am the president. I am also testifying on behalf of Grace Hill Winery, which I own located just 20 miles north of Wichita. Finally, I am testifying on behalf of our patrons who enjoy the peace and beauty and culture of our vineyard and winery. Please support SB 379, which reduces the in-state fruit requirement from 60% to 20% which was recently passed in the senate. Your support of SB 379 would be a boon to the wine industry, the state and its citizens, and the greater Wichita community.

The logic behind why you should support SB 379 is very simple. There is a huge grape shortage in Kansas. In order for a winery to be profitable, it must produce enough wine to cover the expensive equipment and trained personnel required to make a quality product. We estimate that Grace Hill Winery will need to produce 5000 gallons of wine to be profitable. It takes roughly 1 ton of grapes to produce 150 gallons of wine. In our situation, we will require 30 to 35 tons of grapes per year to be sustainable. Our own vineyard produces about 10-15 tons of grapes per year, so you can see that we will need to purchase more grapes. Unfortunately, there just aren't any Kansas grapes in the market place available for purchase. At the annual KGGWA meeting held in January, there were no vineyard owners who hadn't already had this year's crop under contract with the established wineries. In order for us to get up to the 5,000 gallon production goal, we will have to import more grapes from out of state than what the current 60% mandate allows because we can't find them here in Kansas. So you can clearly see that we are in a real bind desperately needing passage of SB 379.

Grace Hill Winery is not alone in being unable to purchase Kansas grapes. Wyldewood Cellars, Wheat State Wine Company, and Wine Barn all failed to find grapes to purchase as well. If you review the Kansas Department of Agriculture's 2010 survey of Kansas vineyards and wineries, you will find that in 2010 Kansas vineyards produced only 354.7 tons of grapes. The survey also found that Kansas wineries produced 107,419 gallons of wine. If you reasonably assume that one ton of grapes makes approximately 150 gallons of wine, you will note that the Kansas tonnage could only produce roughly 53,205 gallons of wine, or accounting for less than half of the actual wine production. The remainder had to have come from grapes imported from out of state or Kansas fruits other than grapes such as elderberries, blackberries, etc. With 31 licensed Kansas wineries registered, and assuming that each needs to produce roughly 5000 gallons of wine to be sustainable, you can calculate that Kansas vineyards would need to produce over 1000 tons of fruit to have all wines produced from Kansas fruit. If every winery made 60% of its wine from Kansas fruit, then Kansas vineyards would still need to produce over 600 tons of fruit which is far more than the 354.7 tons produced in 2010, which was a great year. No surveys were done for 2011, but production was much less than 2010 because of the extreme heat and drought. We had to ferment apple juice at Grace Hill Winery in order to be in compliance with the 60% mandate, and that really wasn't part of our business plan.

You may have heard that should grape shortages occur that the ABC Director would grant a waiver of the 60/40 mandate. In the past, that has simply not been the case. In

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Date: 3-29-12

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2007 when we suffered the terrible Easter freeze, Grace Hill Winery requested such a waiver and never received one. Windswept Winery in Udall also requested such a waiver. No waivers were granted. Still, waiver or not, it is difficult to build a business plan around an ABC philosophy that is either unreliable or changes according to who is in office. Additionally, there is no provision for granting a waiver for the sake of purchasing additional fruit in order to become economically viable. Waivers are granted only for crop damages, and then very haphazardly.

Numerous KGGWA vineyard owners support SB 379 because they know that with more wineries popping up they will have a larger market in which to sell their grapes. This includes KGGWA vineyard owners TJ Winters, Mike Steinert, Jo Ann Kuhlman, Terry Turner, Dan Stockemer, and Dave Cairns. They know that it is much easier to sell wines made from Kansas grapes, and consequently they will always get premium prices for their Kansas grapes.

None of our neighboring states have such a restrictive in-state fruit requirement, and their wine industries are flourishing. We have less than half the number of wineries as any of our neighboring states. New Kansas wineries just can't grow with the bottleneck restriction that is the 60% mandate. There are a small number of wineries near Kansas City that oppose SB 379, but they enjoy having large established vineyards and ironclad agreements with the few large grape growers in Kansas. By opposing SB 379, they practice a protectionist policy that crushes the fledgling wineries and keeps the Kansas wine industry locked in an anti-growth, anti-competitive environment that fosters mediocrity. With your support in helping us pass SB 379, though, we can change the Kansas wine industry. It will grow, improve in quality, develop necessary supporting industries, be diverse, create tax revenue, spur more vineyards to be planted, and be a great source of interesting agritourism instead of lagging behind our neighbors and being the brunt of governor's jokes.

As members of the House Federal and State Committee, you have the power to make awesome things happen in the Kansas wine industry by passing SB 379. I hope you will do so. Thank you for your consideration and your service to our state.

Sincerely,

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