

TESTIMONY

To: The Honorable Pete Brungardt, Chairman
and the Members of the Senate Committee for Federal & State Affairs

From: Bob DesRuisseaux, on behalf of The Kansas Grape Growers & Winemakers Association

Re: 390, regarding farm wineries; Kansas fruit requirement; festivals.

Date: February 21, 2012

The Kansas Grape Growers and Winemakers Association (KGGWA) is the oldest and largest organization supporting the Kansas grape and wine industry in Kansas. The KGGWA currently has nearly 100 members, consisting primarily of grape growers and farm winery owners.

Earlier today I provided testimony to the Committee in support of changes to the 60/40 requirement which were contained in SB 379. Those comments are reiterated in this testimony, but I would also like to speak in support of the provisions contained in SB 390 allowing for the sale of wine for consumption on premises and at special events under the oversight of the Division of Alcoholic Beverage Control in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments.

It is our understanding this language is being requested by interests from DeSoto, Kansas who are interested in establishing a wine festival in their community. We are in support of their efforts and their request.

In regard to the 60/40 issue, two bills have been introduced in the 2012 legislative session (SB 379 & SB 390) that would reduce or eliminate the sixty percent Kansas fruit requirement and labeling requirement contained in K.S.A. 41-308a(c) (also known as the 60/40 rule) and instead require Kansas farm wineries to comply with federal wine labeling law. These bills were not introduced at the request of KGGWA or any of its members. However, as the largest grape and wine trade association in Kansas, the KGGWA felt compelled to adopt a position in reaction to the introduction of these bills.

The intent of the 60/40 rule was to encourage and promote the establishment of vineyards and a domestic wine industry in Kansas. It is a goal that the KGGWA membership continues to embrace passionately. However, nearly thirty years after the statute was enacted, we have seen Kansas fall far behind our neighboring states in numbers of wineries and also in acres of grapes. While the intent of 60/40 was good, it has turned out to be a misguided government mandate. We have seen in neighboring states like Iowa, which has no Iowa fruit requirement, that it now has many times the number of wineries and grape acreage than Kansas.

Why is this? Because in states like Iowa the free market and lack of excessive government regulation has resulted in explosive growth of new vineyards and wineries. A prospective grape grower is not going to invest the significant time and capital to establish a new vineyard if the grower is not sure there will be a market for the grapes. A prospective winery owner, even if he or she has a vineyard, may be hesitant to invest the significant capital required to establish a winery if they cannot be assured of adequate fruit supply every year. There are inevitably years when adequate supplies of local fruit will not be available due to weather conditions or other calamities like herbicide drift. Winery owners need to have the certainty that they can acquire fruit on the open market when the need arises, without interference from government regulators. We also note that the legislature recently removed the Kansas product requirement from Kansas microbreweries.