

To the Committee on Federal and State Affairs 02-21-2012

Testimony in opposition of SB 379 by Greg Shipe

Good morning Chairman and members of the Committee. My name is Greg Shipe owner of Davenport Orchards, Vineyard and Winery located between Lawrence and Eudora Kansas. I am here to testify in opposition to SB379. We have been a Kansas Farm Winery from 1997 and have been 100% Kansas Grown. We have 17 acres of grapes and 10 acres of apples. We also buy grapes and other products from Kansas growers.

0%. You don't need any Kansas grown product to hold a Kansas Wine Manufacturing license.

60%. 60% is the minimum amount of Kansas grown product you need to hold a Kansas Farm Winery license.

0% and 60%. A person is allowed to hold both licenses. A couple of years ago a bill was passed to allow the wineries who wanted to use a lot of product from outside of Kansas to hold both licenses.

Removing the paragraph of the minimum 60% Kansas grown product from the Kansas Farm Winery statute, you just removed the ties to Kansas agriculture thus removing the Farm in Kansas Farm Winery Statute. In other words this is the same as a Kansas wine manufacturing license.

Kansas Farm Winery statute is an incubator bill for farmers and other interested entrepreneurs. This will bring benefits for Kansas agriculture and small business of winemaking. Once you get to the 100,000 gallon mark of production you must convert to a Kansas Manufacturer.

Why do you want to be a Kansas Farm Winery? The BENEFITS given to you if you have the will to grow grapes in Kansas and buy grapes from others who grow grapes in Kansas. These benefits aren't available to Kansas Manufacturers. The Kansas Farm Wineries are small and are not very attractive to distributors due to low productions. Kansas Farm Wineries can give tastings to customers, sell wine to them, sell to retail liquor stores, sell to distributors, sell to restaurants, and others who hold a liquor license. More resent benefits are selling at farmers markets, shipping wines and other venues.

If the legislators would like to give the Kansas Manufactures the same benefits then do this separate from the Kansas Farm Wineries. I do believe this will be challenged by distributors because the Manufacturers are really making wine from other states which the distributors are already bringing into the State. For example; if you buy juice from California you are just making a California wine in Kansas.

The argument of matching the Federal Labeling requirement with the 60% Kansas grown product is misleading. These are two different subjects. The 60% Kansas agriculturally grown product is the minimum requirement to hold a Kansas Farm Winery license. The Federal labeling regulation has to do with what is in the bottle with several options you can use.

The Federal labeling instructions have several percentage requirements if you want to state this on your wine label. The percentages are 100%, 95%, 85%, 75% and 51%. The percentage that has been batted

around in discussions is the 75%. This has to do with APPELLATION OF ORIGIN. "Appellation of origin is another name for the place in which the dominant grapes used in the wine were grown. It can be the name of a country, State, county, or geographic region called a viticultural area, or their foreign equivalents." TTB P 5190.1. For example; if you want to identify on the label your wine as being a Kansas wine you must have at least 75% of the dominant grapes grown in Kansas which is more than the minimum requirement to be a Kansas Farm Winery: If you only had the minimum of 60% in the bottle you could not use Kansas Table Wine but you could use American Table Wine and still meet the minimum requirement to be a Kansas Farm Winery.

Page 2 22 (c) will allow a farm winery to have several licenses under one license. This paragraph is misleading. "and includes blending, bottling.... This is cellaring and this could mean purchasing wine in bulk from outside Kansas and changing it to make it SPECIAL and then calling it your own Kansas product. This has nothing to do with the meaning of Kansas Farm Winery. As I say again they can do this under a Manufacturer license.

Page 2 28 (d) We must follow the federal label laws anyway. Kansas accepts the Federal law and always has.

I am concerned about what is not written in this bill that will negate the Kansas Farm Winery statutes.

The Local Grown is a movement in Kansas to encourage more of the food we buy at the stores to be locally grown. The Kansas Farm Winery statutes have been a part of this since 1985 and I would like to keep this so. The people who want to bring product into the state can operate out of the Manufacturers licenses. Please leave the Kansas Farm Winery license alone.

To build an identity for Kansas wines it must be grown in Kansas.

Thank You,

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