



Virginia Wineries Association Newsletter

www.vawine.org

January 2011

Association Offices:
701 E. Franklin Street, Suite 809
Richmond, VA 23219

804-592-3196 Phone
804-644-8762 Fax
www.vawine.org

Table of Contents

[Wine Law Conference](#)

[The Compliance Corner](#)

[Legislative News](#)

[Virginia Wine Expo](#)

[Industry Support](#)

[Wine Grape Information](#)



Wineries Unlimited Extended Registration

Last chance to register - deadline January 14th!
[Register HERE!!](#)

[Wineries Unlimited](#) is the second largest vineyard and winery conference and trade show in North America and the largest outside of California. Our trade show draws attendees from all across the United States and Canada. The 2010 total attendance was over 2,300 and we anticipate an even higher attendance in 2011. It is estimated that the 2011 event will bring \$1.5 million in revenue to Virginia. The buzz on the street about this year's conference has



Mark your Calendar

- Feb. 1 -**
Wine Bag Orders Due
- Feb. 25 -**
VWA Membership Mtg
- Feb 25-27 -**
VA Wine Expo
- March 29-April 1 -**
Wineries Unlimited
- August 2011 -**
Governor's Cup White

Visit our [Calendar](#) of Events for a full listing for the year.

Governor's Cup Red

Another great Governor's Cup season in underway! All of the entries for the 2011 Governor's Cup Red Wines Competition have been submitted. The judges will complete the tasting of all of the wines soon. We are excited that the Governor will be presenting the Governor's Cup Awards on Friday, February 25th at the Wine Expo. Look for the announcement of the winners coming soon.

been phenomenal and our enhancements promise to deliver more quality and value to attendees and exhibitors alike.

We look forward to seeing you there!

The Compliance Corner

by Mary Beth Williams



The Times, They Are a-Changin'

Now that I've got that song looping through your brain for the rest of the day, let's talk about some of the regulatory changes we expect we'll see in 2011.

Labeling: The comment period has been extended on the proposed rulemaking for the use of various winemaking terms on labels ("Notice 109"). You now have until March 4, 2011 to make any comments on these proposed changes, which would quantify and define terms such as "estate" vs. "estates", "proprietor grown", "reserve", "bottle aged" and "barrel select". If these terms are defined through regulation, wineries proposing to use those terms on bottles or in advertising will have to meet the criteria established to define each term.

The other big labeling issue coming back to the limelight is the nutritional labeling of wine, just like the labeling you find on any food product in the store. The requirement of such labeling is in political favor right now, and while it won't be the end of the world if enacted, it could be onerous, particularly on smaller wineries, because of the additional testing that would be required to establish the nutritional values, as well as the natural fluctuation in these values as wine ages.

Direct to Consumer Shipping: There are several states that are expected to enact direct to consumer shipping laws in one shape or form in 2011. Maryland, New Jersey, and New Mexico are all expected to allow wineries, both in-and-out-of-state, to ship their products direct to consumers upon approval of a permit. There are even some rumblings that PA may allow wine to truly be shipped direct to consumers instead of the Direct Ship/Special Order hybrid it has now. Note too that there is considerable pressure from consumers, retailers, and the wholesalers to allow retailers to also ship their products direct to consumer. This is already allowed in 13 states, including Virginia, and is gaining traction in many others. It could offer significant competition for wineries in the direct to consumer market.

Taxes: This one is on all the states' radars, some for the better and some for the worse. MA actually just did away with the sales tax on alcohol, and the temporary sales tax on alcohol in NC expires on June 30th. Lawmakers there are scrambling to

Annual Meeting Update

As a follow up to the questions raised at the annual meeting about how sparkling wine is recorded on the Premises Report, TTB confirmed the following: Section A, Line 2 "Produced by Fermentation" is where you record sparkling wine in tirage (both bottle fermented and bulk processed wines, accordingly.) After it is disgorged, it goes into Section A, Line 13 "Bottled".

I hope this provides some clarity, and thanks for the questions!

Mary Beth Williams



Dues Invoices

Invoices have been sent out for your annual dues - remember due to VWA are **88% tax deductible** as a business expense. Make an extra copy of application for your CPA.

Make sure to check out all the benefits of membership and **SAVE, SAVE, SAVE** with our preferred partners!

find a way to make up that income without imposing another tax. That often means that permit fees, application fees, or product registration fees will be increased as an offset, so we'll have to see what NC decides. MD will likely be raising their excise tax, and PA is changing to a bailment system with penalties associated with over- and under-stocking in the warehouse. PA sought to raise a logistics fee on its suppliers, which translated to about \$1/bottle sold in its stores, but there is a question as to their authority to make that change, so a moratorium has been placed on that increase until June 30.

Lots of things in the hopper, but most of them, other than 5034, hold potential for expanded markets and more sales for the wineries. All the best for a happy and prosperous 2011!

Mary Beth Williams is the President of Williams Compliance, a compliance services provider based in Hanover County, Virginia. For more information, contact Mary Beth at Marybeth@williamscompliance.com or (804) 445-2924.

Legislative News

After meeting with several different stakeholders with interests in the Virginia wine and agricultural industries the VWA and VWC are moving forward with three legislative proposals and one budget amendment. Of the four proposals, two focus on bringing new money to support the wine



industry. During session we will be supporting a \$250,000 winery and vineyard expansion tax credit proposed by the Governor as a result of the Economic Development and Jobs Commission recommendation and will be lobbying for a budget amendment to ensure all of the wine liter tax revenue attributable to the sale of Virginia wine will be reserved for the Wine Board and Wine Marketing Office. The budget amendment compliments the efforts of the Governor and industry last year to secure \$800,000 in additional funding for the Wine Board. The budget amendment proposed by the Governor will provide an additional \$300,000 in funding for the current budget year and the same amount for next budget year. We will continue to work to ensure that all of the money paid by Virginia wineries in liter taxes will be returned to the industry for research and marketing. We will also be supporting legislation to eliminate the double-taxation currently being paid on wine shipped out of the Commonwealth.

As part of our legislative initiatives, we will also sponsor a Wine Day on the Hill. We will be getting out details once we have firmed up the date. We will be calling for wine and volunteers to deliver it to each legislator and several government officials. We believe that this is an

Wine Law Conference
January 31 & February
1, 2011
Reston, VA

Please join us at The Wine Law Conference offering practical information on limiting costs and legal risks, as well as how to best capitalize on the ever-changing laws and regulations for attorneys, wineries, vineyards, and distributors. Sessions will range from considerations in contracting for grape purchases to immigration and employment issues inherent in winery and vineyard management. Compliance, land use, and trademark issues will also be presented, along with information on marketing and distribution for wineries of all sizes. Updates on legislative changes affecting the wine industry, as well as new alternatives for financing and transitions in ownership and business structure, will give attendees insight and information they can put to work for themselves and their clients immediately. You can register by clicking [here](#) or call us at (800) 854-8009.

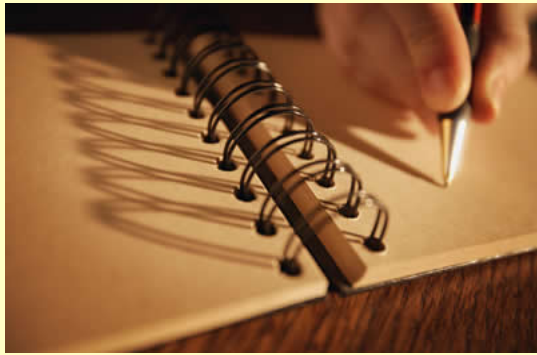
important event which emphasizes the growth and importance of the Wine and Grape industry in Virginia.



The Virginia Wine Expo to be held February 25th - 27th at the Richmond Convention Center has become the preeminent showcase of the Virginia wine industry. Sponsored by the VWA, this is a great opportunity to display the best of Virginia wine to the citizens of the Commonwealth. During the Gala event on Friday the 25th, the Governor's Cup will be awarded for the best Red Wines in Virginia. In attendance will be prominent politicians, business leaders, retailers and customers.

In order to ensure the widest possible exposure to this event, the VWA is asking all our member wineries to promote the link to the event on your mailing lists, etc. The link is <http://www.virginiawineexpo.com/>

See you there!



A Note from the Vice-President

Dear Colleagues-

As a relative newcomer to the business, I feel blessed to have found such an active and supportive community engaged in the field where we now make our living. It is one thing to have a good business, it is quite another to have a business

that one loves doing. And that is the glue that I discover whenever I meet a winery owner, wine maker, or staff person. There is a shared love and passion for what we do. In this new year, that is a powerful reminder of the good fortune that we all share.

I can also attest to the passion of those who volunteer on one of the many associations that serve our industry here in the Commonwealth. The boards of the VWA, VVA, VWC, VWB/WMO, and VWDC are winery and vineyard owners and growers and producers like yourself. But as a new guy, I get confused at times about what these organizations do for us and the differences between them. So here's the primer:

§**The Virginia Wineries Association (VWA):** The VWA has served Virginia Farm Wineries since 1983. VWA is a non-profit trade association that acts on the behalf of the wine industry. It has a full time staff in addition to a volunteer board. It operates on donations which are 88% deductible and are used to support its activities. <http://www.vawine.org/>

§**The Virginia Vineyards Association (VVA):** The VVA, incorporated in March 1983, originated in 1979/80 as a joint effort for information exchange and cooperation among viticulturists, wineries, and VPI & SU. It operates with a volunteer board and operated upon industry donations. <http://www.virginiavineyardsassociation.com/>

§**The Virginia Wine Council (VWC):** The VWC is a consortium of Virginia's vineyards and wineries, the VVA and the VWA, formed in 2009 to represent the interests of the wine industry before the General Assembly of Virginia. Its Executive Director is our industry lobbyist. Its volunteer board is comprised of industry members.

§**The Virginia Wine Distribution Corporation (VWDC):** An industry distribution company formed in 2008 by the Commonwealth of Virginia. The new company is the result of action by the Virginia General Assembly to provide Virginia wineries and farm wineries an alternative to using independent wine wholesalers. Any Virginia winery that chooses to participate may distribute up to 3,000 cases of their wine per year through VWDC, which is associated with the Virginia Department of Agriculture and Consumer Services.

§ **The Virginia Wine Board (VWB):** An organization created by the Virginia General Assembly in 1984 as part of Virginia's Department of Agriculture and Consumer Services, the Virginia Wine Board promotes the interests of vineyards and wineries in the Commonwealth through research,

education and marketing. The Board consists of 10 members, nine of whom have voting privileges, all appointed by Virginia's governor for four-year terms. Three of the Board members are growers and six of which represent wineries. Approximately two-thirds of the Board's budget goes towards education and marketing, with the remaining third spent on wine-related research.

§The Virginia Wine Board Marketing Office (WMO): Funded through the Virginia Wine Board, the Virginia Wine Board Marketing Office handles the board's education and marketing efforts on behalf of all Virginia wineries. The office manages the development and execution of a continuous and integrated marketing program, which focuses on advertising, public relations and promotions. Collectively the efforts communicate a clear and positive message on Virginia wines, encourage visits to the state wineries and help increase sales of Virginia wine.

I know...I've been confused about it all too. But as I get more involved, it's becoming much clearer. For example, I often hear peers ask why we can't give just one check each year to fund the whole shebang. Well, there's a good answer. Of these groups, the only three collecting donations are the VWA, VVA, and VWC. Obviously, membership in the 3 overlaps; but also obviously, the mission of the three does not. That's why they fund raise separately. The minimum cost to become a voting member in the VVA is \$60/year and VWA voting membership is \$300 with access to partner discounts. Hmm...that's \$360 for the two.

The Commonwealth funds a surprising amount of our support infrastructure, and many of us write the checks that support the rest. All of us receive the full benefits of this infrastructure but many have not as of yet written a check to support the VWA, VVA, or VWC's efforts. So please consider what a combined commitment of \$500-\$1000 a year to the three organizations would buy you: enhanced educational and industry resources, state of the art distribution capabilities, research and networking opportunities, discounts on supplies & services, and protection of your investment in the halls of the Legislature. All of your success can be put at risk if there are not statewide efforts to promote our industry. Your investment in YOUR industry associations net benefits far greater than the funds that you expend as an individual. And as the past year has shown, such returns bear great fruit for every one of us.

My very best regards to you and yours and a very successful 2011!

Brian Roeder
Barrel Oak Winery
VWA Vice-President
VWC Treasurer

Wine Grape Information from the Penn State Cooperative



Pruning workshop: If you can't prune a vine correctly you cannot grow good grapes. It's a simple and unavoidable rule in our business. Jan Waltz and vineyard manager Jeff Zick know how to prune properly. It's a good idea to learn from the best to avoid picking up bad habits. This will be my only pruning workshop of the winter. Last year it snowed a foot the day before the workshop so dress accordingly. Wednesday, January 26, 2011. 9 a.m. to noon. Waltz Vineyard in Manheim, PA. Cost is \$25. For more information & registration, click [here](#).

2011 Calendar: The busy winter meeting months extend from January through April. February is particularly loaded around the region. Note that Wineries Unlimited has moved from King of Prussia to Richmond, VA. I have compiled a list of the regional meetings and workshops that I believe all Pennsylvania wine growers would benefit by attending. Growing fine wine is all about knowledge and these meetings will help to expand your viticultural brain. Click [here](#) for the 2011 Calendar of Events.

Bruce Zoecklein: We have had two really good vintages ('07,'10) and another pretty nice one ('08) and our wines are getting noticeably better. But making wine we can be proud of isn't just about the weather. It takes a conscience effort on the part of the producer in the vineyard and cellar. Bruce Zoecklein has been the research enologist at Virginia Tech for almost 3 decades. He has seen and tasted a lot of bad wines but also witnessed the evolution and improvement of Virginia's wines. His comments deserve our attention because of his experience, patience and devotion he has demonstrated to the cause of Eastern wines. Click [here](#) for his "Thoughts on Industry Development."

Extension Enology Interviews: Just a reminder to sign up for the Penn State extension enology interviews. Meet the three candidates in person or via one of the video teleconference locations. The interviews will take place in Room 424 of the Agricultural Administration Building at the Penn State University main campus in State College. Video teleconference sites are at extension offices in Lancaster, Adams, Susquehanna, Erie and Washington counties. These are interactive so you will be able to ask questions. The date/times are:

Monday, January 17 from 9 a.m. to 11:30 a.m.

Thursday, January 20 from 2 p.m. to 4:30 p.m.

Monday, January 24 from 9 a.m. to 11:30 a.m.

If you wish to attend, please contact me or the county extension office which you plan to visit. Thank you!

Established Vineyard for Lease: I don't usually make announcements like this but this is a special vineyard in SE PA that represents a golden opportunity for the right person or business to acquire a turnkey operation with a proven track record. This announcement comes from Corey Krejcik:

An immaculate award winning 26 acre vineyard in Southeastern Pennsylvania is now available as the centerpiece for an investor or group of investors who wish to participate in a new premium winery venture. This fully productive site, composed of mature varieties like Chardonnay, Cabernet Sauvignon, Pinot Grigio

and Pinot Noir, is available at very favorable rates for the 2011 vintage. A seasoned vineyard manager may also be available to manage project. For a prospectus on this opportunity and more details about the vineyard, please contact Corey Krejcik at 610-292-0880 or corey@rollingbarrel.com.

Mark L. Chien
State-wide Viticulture Extension Educator
Penn State Cooperative Extension
College of Agricultural Sciences
1383 Arcadia Road
Lancaster, PA 17601
Tel: 717.394.6851
Fax: 717.394.3962
e: mlc12@psu.edu

