Growth of the Iowa Vine/Wine Industry

Nebraska Winery and Grape Growers Forum and Trade Show

3-1-13

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1. Iowa ranked eleventh in grape production in the United States in 1899, and sixth in 1919. (a)

2. The Federal Government does not subsidize grape growing or winemaking. (b)

3. Iowa had approximately 30 acres of grapes in production in 2000. (a)

4. As of June of 2012 Iowa had 99 wineries with approximately 300+ vineyards covering 1,200 acres. (b)
Iowa Wine History

A.S. Bonham planted grapes in Council Bluffs in 1857

Fig. 1. First vineyard set in the Council Bluffs section. Planted in 1857; still vigorous and productive.
Old-time photo of the day Oct. 3  Des Moines Register

From 1940: Here's the caption from this photo, which ran in August, 1940: "Workmen at the Council Bluffs Grape Growers Association winery move one of the 18 vats recently purchased. Fifteen of the vats are being moved into the basement of the new addition to the association. ... Each vat holds 3,500 gallons of wine. Left to right are Ralph Prior, Mike Reggio and Clay McBride."
So What Happened to Iowa’s Wine Industry?

1. Prohibition of Alcohol
   - Iowa Prohibition 1914 to 1933
   - U.S. Prohibition 1920 to 1933

2. Armistice Blizzard, November 11 & 12, 1940

3. Introduction of highly volatile 2,4-D’s in late 1940’s

4. Government Farm Commodity Programs
White Elk Vineyards (1869 – 1914?)
Keokuk, IA

White Elk Vineyards Established in 1869

Ruins still located 2 mi. north of Keokuk.
Amana Colonies
4 Wineries
Primarily Fruit Wines

Located on I-80 just west of Iowa City
Down from 11 Wineries in 1999

http://www.amanacolonies.com/
Iowa Wineries

Iowa Alcohol Beverage Division

Wineries

99 Wineries
1-13-13

http://www.iowaabd.com/
Iowa Grape Expectations

99 Iowa Licensed Wineries
306 Commercial Vineyards

July, 2012

Michael L. White, ISU Extension Viticulture Specialist

IOWA STATE UNIVERSITY
Extension and Outreach
Iowa's Maturing Wine Industry Growth


ACRES:
- Wineries
- Vineyards
- Acres
Native Wine Demand vs. Supply

The chart below illustrates the growth of Iowa Native Wine supply (production) and demand (Sales including inventory adjustments) in gallons from June 2002 to June 2012.
U.S. Wineries


0 1000 2000 3000 4000 5000 6000 7000 8000

8,000 as of 2-4-13

WineAmerica
## U.S. Wine Market

<table>
<thead>
<tr>
<th>Region</th>
<th>Wine Production</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>89.5%</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Other States</td>
<td>11.5%</td>
<td>8%</td>
</tr>
<tr>
<td>Imports</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>0.04%</td>
<td></td>
</tr>
</tbody>
</table>

**U.S. #1 Wine Market in the World**
IA, IL, IN, MI, MN, MO, ND, NE, SD, WI Wineries

12-25-11 = 886
2-24-13 Wineries vs State Population

- Dakota
- Minnesota
- Wisconsin
- Iowa
- Nebraska
- Kansas

- Bismarck
- Minneapolis
- St. Paul
- Des Moines
- Omaha
- Kansas City
- Topeka

- 88m/ winery
- 40m/ winery
- 52m/ winery
- 104m/ winery

- 135m/ winery
- 104m/ winery
- 30m/ winery
- 48m/ winery

- 5.38 mm
- 5.73 mm
- 3 mm
- 6 mm

- 40
- 55
- 36
- 28

- 8
- 20
- 99
- 28

- 700m
- 804m
- 1.86 mm
- 2.9 m

- 111m/ winery
- 125
- 125

U.S. Census Bureau & Catchwine
Six Wine Trails

- Heart of Iowa Wine Trail
  - 7 IA wineries

- Amana Wine Trail
  - 4 wineries

- Western Iowa Wine Trail
  - 7 wineries

- I-80 Wine Trail – 7 IA wineries

- Iowa Wine Trail
  - 8 IA wineries

- Scenic Rivers Wine Trail
  - 7 IA wineries
  - 5 IL wineries
  - 4 MO wineries

- Heart of Iowa Wine Trail
  - 13 wineries
Five Associations

- Northwest Iowa Grape Growers Assn.
- Mississippi Valley Grape Growers Assn.
- Western Iowa Grape Growers Assn.
- Iowa Wine Growers Association
- Scenic Rivers Grape & Wine Assn.
Upper Mississippi Valley American Viticultural Area (AVA)

U.S. largest AVA covering 29,914 sq. miles in IA, IL, MN, & WI approved by the Tobacco Tax & Trade Bureau (TTB) in June, 2009
Loess Hills American Viticultural Area (AVA) is in our future

196 AVA’s in U.S. Today (10-18-12)

Unique Native Winery Laws

No mandatory “Iowa” juice requirements.
Iowa Food Inspectors “Do Not” inspect wineries. Feds Do!
Retail sales EXEMPT from $1.75/gal. excise tax
$1.75/gal. excise tax goes to the Iowa Wine & Beer Promotion Board
$25 license to have a wine festival
Retailers can sell Iowa wine by the bottle and have tastings. $25/yr. license.
Wine Doggy Bag Law enacted in 2009
Iowa wineries can sell beer enacted in 2009
Out and in-state wineries can direct ship within Iowa - $25 annual license
Micro-distilleries can taste and sell at retail locations - 2010
Wineries and associated land are assessed as agricultural.
Iowa wineries can self distribute to retailers
$7.286mm in Fiscal Year 2012

$255,627 came from Iowa Wineries

6% Retail Wine Market Share

$1.75 / gal. Excise Tax
U.S. Table Wine Share by Retail Price Segment, 2004

- Popular ($5-$9) 25%
- Premium ($9-$16) 16%
- Super/Ultrapremium ($16+) 8%
- Economy (below $5) 51%

Source: Adams Wine Handbook, 2005
Grapes, Wine & Taxes

Average yield of 3.5 tons/acre will produce 525 gallons of wine.

525 gal. x state wholesale wine tax of $1.75/gal. = $919

525 gal. x federal tax of 17 cents per gallon = $89

525 gal. x 5 bottles/gal. x $11/bottle x 6% state tax = $1,732

$26,250 of wine/acre x 1% local option tax = $289

Potential Total Tax of = $3,029/ acre/year
## Iowa Wine and Vineyards

<table>
<thead>
<tr>
<th></th>
<th>Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Wineries</td>
<td>74</td>
</tr>
<tr>
<td>Number of Grape Growers</td>
<td>400</td>
</tr>
<tr>
<td>Grape-Bearing Acres</td>
<td>1,000</td>
</tr>
<tr>
<td>Wine Produced (Gallons)</td>
<td>186,700</td>
</tr>
<tr>
<td>Full-time Equivalent Jobs</td>
<td>1,777</td>
</tr>
<tr>
<td>Wages Paid</td>
<td>$50.0 million</td>
</tr>
<tr>
<td>Retail Value of Iowa Wine Sold</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>Wine-Related Tourism Expenditures</td>
<td>$27.5 million</td>
</tr>
<tr>
<td>Number of Wine-Related Tourists</td>
<td>237,000</td>
</tr>
<tr>
<td>Taxes Paid: State and Local / Federal</td>
<td>$14.5 million / $13.7 million</td>
</tr>
</tbody>
</table>

$30 total economic impact for each $1 in native Iowa wine sales.
Primary Wine Grapes Being Planted in Iowa

White Grapes

Chardonel, Edelweiss, Frontenac Gris, La Crescent, La Crosse, Louise Swenson, Niagara, Petite Amie, Prairie Star, St. Pepin, Seyval Blanc, Swenson White, Vignoles, Brianna, Esprit

Red/Blue Grapes

Catawba, Concord, Norton/Cynthiana, Frontenac, Leon Millot, Marechal Foch, Petite Pearl, St. Croix, Steuben, Swenson Red, Valiant, St. Vincent, GR-7, Marquette, Noiret, Corot noir, Sabrevois
Sensitive Crops and Apiaries

The Iowa Department of Agriculture and Land Stewardship has created a registry for producers to list the locations of their pesticide sensitive crops and for beekeepers to list the locations of their apiaries. This registry will be used to create an on-line directory for use by pesticide applicators to identify the locations of sensitive crops and apiaries and minimize the potential for pesticide drift damage.

Sensitive Crops

The Sensitive Crops Directory will provide pesticide applicators with the locations of those crops that are most susceptible to pesticide drift damage. The intended crops for inclusion in the registry are vineyards (minimum one acre), orchards (minimum one acre), certified organic crops (minimum one acre), and fruit and vegetable crops (minimum ½ acre). The crops at each registered location must be intended for commercial use, be susceptible to pesticide drift damage, and meet the minimum acreage requirements. The registry will accommodate the registration of multiple sensitive crop locations under one producer. If multiple crops are located in the same location, only the primary crop for that location need be listed.

http://www.agriculture.state.ia.us/Horticulture_and_FarmersMarkets/sensitiveCropDirectory.asp
Six Grape Harvesters in Iowa Today
Iowa has National and International Award Winning Wines
Choose Iowa Quality Wines!

http://www.iowawinegrowers.org
Wine and beer lovers alike will find a lot to toast in Iowa.

Unforgettable road trips amid rolling countryside take you on a delicious adventure where Iowa hospitality is served.

http://www.traveliowa.com/GetInspired/WineAndBeer
Announcements

» Medal-winning wineries: Download your shelf talkers here. Check your email for username and password.
» Results from the 2012 Wine Competition have been posted!

The 2013 Mid-American Wine Competition will be held July 12-14, 2013, in Iowa, and will focus only on the wines of the Midwest. The competition is open only to commercial wineries of Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, and Wisconsin.

This competition gives wineries the opportunity to have their wines judged against carefully selected food-friendly dishes. This is the first competition in the United States to offer this format.

"Typically wine competitions judge wines only against other wines, and typically the biggest wine wins. But wine is supposed to be consumed with food. So we are going to judge these wines in a setting more conducive to wines of balance, and by judging the wines in a setting more receptive to
Midwest Grape & Wine Industry Institute established...9-26-07

http://www.extension.iastate.edu/Wine/
Good Place to go for Midwest Viticulture info!

http://www.viticulture.hort.iastate.edu
Wine Grower News

Weekly in-season viticulture/enology newsletter.

Total Circulation of 1,600+ recipients in AZ, CA, CO, FL, OH, IA, IN, IL, KS, KY, MI, MN, MO, MS, MT, NC, ND, NE, NH, NM, NV, NY, OK, OR, PA, SD, VA, VT, WA, WA DC, WI, Australia, Canada, Israel, Norway, Pakistan, Sweden & Turkey

To Subscribe to this FREE Newsletter

E-mail “mlwhite@iastate.edu“ with the word subscribe in subject line.

http://www.extension.iastate.edu/Wine/Resources/winegrowernews.htm
On-line Viticulture and/or Enology Courses

2 yr degree or 100 hour certification

http://www.vesta-usa.org
The Iowa Alcoholic Beverages Division is responsible for the regulation and control of alcohol in the State of Iowa. Iowa is one of nineteen control states that, since the repeal of prohibition, directly control the sale and distribution of alcoholic beverages. In addition, the Division is responsible for the enforcement of state and federal laws and regulations regarding the sale and use of alcohol and tobacco products.

The Iowa Alcoholic Beverages Division is a unique state agency in that it generates substantial revenue to state and local governments. In Fiscal Year 2011, the Division generated over $108.5 million in state funds, representing around 2% of the state's total revenue. The Division generated $74.6 million in net profit from the direct sale of alcohol in Iowa. In addition to revenue from alcohol sales, the Division collected liquor license fees ($124.4 million), excise tax on beer ($143.3 million) and wine ($71.1 million) and civil penalties levied through administrative sanctions ($183,750).

The Iowa Alcoholic Beverages Division transfers all profits and revenue generated back into the state's coffers to support city, county and state programs. In fiscal year 2011, the Division generated over $108.5 million to support state and local programs. The funds were used for substance abuse treatment programs ($16.2 million) and local programs at the city and county level ($3.5 million). The Division transferred additional funds to support Iowa beer and wine promotion ($263,957).

FISCAL YEAR 2011 REVENUE TRANSFERRED: $108,571,217
FISCAL YEAR 2011 REVENUE GENERATED: $108,571,217

Our Mission
To serve Iowans through the responsible regulation and profitable distribution of alcohol while providing opportunities for industry development and promoting health through education.

News
- PRESS RELEASE: I-PACT Training is Here!
- Iowa’s Alcoholic Beverage Laws & You
- St. Patrick’s Day Safety
- Legally Speaking: Taking a Gamble with your License?
- Legislative Update
- Beer Wholesaler/Retailer FAQ

Events
Apr 30 Commission Meeting

Total Since 1988
Funds Transferred
$1,665,608,281
The End

56% of Iowa made wine is sold wholesale