

## Good news: Area wine industry happy with new law

By Ainslee S. Wittig/Arizona Range News

A compromise between wholesalers and retailers and winegrowers allowed the state legislature to pass a bill that will protect winegrowers existing rights and help fledgling wineries in Arizona.

Rod Keeling, president of the Arizona Wine Growers Association and owner of Keeling Schaefer Vineyards near Willcox, said Senate Bill 1276 passed May 25 24-4 after the House Bill was amended two days earlier and passed 48-5.

Sen. Marsha Arzberger (D-Willcox) was a sponsor. Keeling said, "We made a compromise deal in an hour and a half, but it took us three days to hash out the language. The wholesalers and wineries wanted a smaller cap (for gallons produced by a winery per year) and we gave them that and got everything else we wanted," Keeling said.

"This is a really good bill for rural Arizona winegrowers including Willcox, if you believe wine is a part of Willcox's future. I believe it is," he said.

Gov. Janet Napolitano signed the bill on June 1. It allows winegrowers in the United States producing less than 20,000 gallons per year to sell directly to Arizona consumers.

Prior to the passage of this bill, Arizona wineries producing less than 75,000 gallons per year could sell directly to consumers, but this produced friction from wholesalers who said too many wineries were allowed to bypass them.

The new law will also open the Arizona wine market to out-of-state wineries under 20,000 gallons per year.

A lawsuit, Blackstar Farms v Morrison (Arizona), was filed in U.S. District Federal Court to force the State of Arizona to open its wine market to out-of-state wine to comply with a Supreme Court ruling. That lawsuit is still in litigation, but lawmakers believe the new bill will be within the Supreme Court's requirements.

Keeling said that all the wineries currently producing wine and/or grapes in the Willcox area make less than 20,000 gallons per year except Kokopelli Winery, which produces 30,000 gallons from grapes grown in the Willcox area.

"Dennis Minchella, who is running Kokopelli Winery, was OK with the new law because it gave him something he wanted as well. The bill allows wineries under 40,000 gallons (production) per year to stack licenses," Keeling said.

Prior to this law, a winery could only hold one liquor license, he said. Now those producing under 40,000 gallons are able to hold multiple licenses for such businesses as restaurants, wine bars, bars, either on or off the winery site, he said.

Also, the bill allows "domestic farm wineries" in or out of Arizona producing fewer than 20,000 gallons annually to sell wine directly to consumers, not only in person, but also by phone, fax, mail or the Internet. However there is a limit of two cases per year.

Finally, the bill also removes restrictions for wineries during start-up operations. Previously, wineries were required to use at least 75 percent Arizona grapes to make wines that could sell directly to consumers.

"This was a real obstacle for new wineries because it takes four or five years to grow their own grapes, and there is a very limited amount of Arizona grapes available at this stage," Keeling said. "This was discriminatory for out-of-state wineries and grape growers."

Now, he said, they will be able to sell their grapes to Arizona wineries and the Arizona wineries will be able to sell their wines to consumers directly.

The new bill also retains the right of wineries to get special event licenses for up to 75 event days for 25 distinctive events, Keeling said.

"The bill gives us lots of different ways to go to market, which means more ways to make money and more ways to attract investors and people into the fledgling Arizona industry," Keeling said.

"The bill is not for really big wineries. But it helps start-ups like those near Willcox," he said.