



Sunday, December 16, 2018

Table of Contents:

- 2019 TWGGA Annual Conference Registration Opens Online
- 34 Acre Possible Vineyard Development Site in Fort Worth City Limits
- 100% Texas Grown Emblem Update
- Texas Alcoholic Beverage Commission Sunset Process Update
- Dec 13 Sunset Public Testimony given by TWGGA president-elect, Paul Bonarrigo, Jr.
- TABC Adopts Changes to Winery Festival Permit
- Wine America Excerpt: Congress Passes Farm Bill

2019 TWGGA Annual Conference Registration Opens Online

Three days of educational programming and networking with industry friends; a trade show featuring over 125 vendors to the industry; and five wine-paired dining events costs \$500 for members and \$650 for non-members.

For program highlights, other details and to register, visit: <https://www.txwines.org/annual-conference-2019>

This page is best viewed on a computer versus mobile device.

34 Acre Possible Vineyard Development Site in Fort Worth City Limits

Site is located 15 minutes west of downtown Fort Worth, two blocks south of I-30, with frontage on Cherry Lane, Calmont Street and Slocum Avenue. Gently sloping terrain provides excellent drainage.

Address: Cherry Lane at Slocum Avenue, Fort Worth, Texas

Contact: Jeff Kamprath, Innovative Developers, Inc. – jeff@idi-tx.com – (817) 335-4500, ext. 114

100% Texas Grown Emblem Update

The Texas Wine and Grape Growers Association has created and trademarked an emblem to communicate to consumers that a bottle of wine is made 100% from Texas grapes. After a test submission, the emblem received a certificate of label approval (COLA). A program by which members of the industry can license the emblem is currently being developed. Feedback is being solicited from TWGGA members who expressed interested in participating in the launch of the program. The TWGGA board will ultimately make decisions about the administration of the program.

Texas Alcoholic Beverage Commission Sunset Process Update

Sunset Commission staff report:

<https://www.sunset.texas.gov/reviews-and-reports/agencies/texas-alcoholic-beverage-commission-tabc>

TABC written response to the Sunset Commission staff report:

https://www.sunset.texas.gov/public/uploads/~TABC%20Staff%20Report%20Response_11-15.pdf

Public testimony was taken on December 13. Testimony by TWGGA president-elect, Paul Bonarrigo, Jr. below.

The Sunset Commission will meet to consider staff recommendations and industry testimony on January 9, 2019. A bill will be developed by the commission to enact changes at TABC during the 86th legislative session.

December 13 Public Testimony given by TWGGA president-elect, Paul Bonarrigo, Jr.

Mr. Chairman, members of the Sunset Commission, Thank you for the opportunity to visit with you today about the Sunset review of the Texas Alcoholic Beverage Commission. My name is Paul Bonarrigo. I am the president-elect of the Texas Wine and Grape Growers Association and owner and head winemaker of the Messina Hof Winery and Resort.

The Texas Wine and Grape Growers would like to applaud the Texas Sunset Commission on its very thorough review of the Texas Alcoholic Beverage Commission. The Texas Wine and Grape Growers appreciate the opportunity to respond to the report and several of the issues under consideration.

The Texas Wine and Grape Growers is an industry trade association representing the winery and grape growing industries in Texas. We represent over 90% of the wine produced and sold in Texas and a similar percentage of the grapes grown in the various grape growing regions of our state.

We wholeheartedly agree with the initial Sunset recommendation on the continuation of the TABC and its efforts to regulate the alcoholic beverage industry. The significant increase in the number of alcoholic beverage industry members and our growing population require the ongoing oversight and regulation of this fast growing and important industry. There are several specific recommendations in which we would like to comment:

ISSUE 1

Texas has a continuing need for the TABC...

RECOMMENDATION 1.1 Continue TABC for 12 years.

TWGGA wholeheartedly supports this recommendation.

RECOMMENDATION 1.4 Authorize the commission to establish advisory committees by rule.

Rule mandated standing advisory committees may not be the best most effective way to receive input from industry stakeholders. The TABC has consistently over the years held informal stakeholder meetings at the agency headquarters in Austin. While these are often well attended, very little feedback is offered from industry representatives in these formats. To the TABC's credit they have recently held stakeholder meetings around the state. These have been well attended and have produced valuable input. They have also given actual industry members an opportunity to participate and interact with regulators. This would seem to be a much more effective method to receive feedback from the industry.

TWGGA is against this recommendation and would encourage the agency to instead continue its recent efforts to engage industry stakeholders on a regional/local level.

ISSUE 2

TABC Cannot Efficiently Regulate the Alcoholic Beverage Industry without modernizing the State's byzantine licensing system.

RECOMMENDATION 2.1a Combine primary and subordinate licenses and permits.

Wineries are currently required to hold a private carrier permit in order to transport their wine. This added layer of permitting and regulation is unnecessary when current law already authorizes a winery to transport.

TWGGS supports this recommendation.

RECOMMENDATION 2.1a Eliminate agent licenses and permits.

Even without an agent's permit or license, a winery is responsible for the actions of its employees and representatives. This added layer of permitting and regulation is not necessary.

TWGGS supports this recommendation.

RECOMMENDATION 2.1c Combine temporary event permits and licenses

Festivals have become a significant component of a successful winery. We now have a large number of festivals around the state, these events have become key to not only the winery success but they also offer the local community an opportunity to raise funds and encourage local community participation. Many of these festivals have become cornerstone type events for the organizing sponsor.

Unfortunately, the rules and the necessary permits to conduct these events are often confusing, challenging to enforce and at times enforced indiscriminately. The Sunset staff's recommended changes should help alleviate some of these issues.

TWGGA supports the Sunset Staff recommendation to combine temporary event permits and licenses.

ISSUE 3

Over-Regulation of Certain Business Practices Creates Burdens on TABC and the Alcoholic Beverages Industry with Little Public Benefit

RECOMMENDATION 3.1d Authorize TABC to deny label approval and registration for any product that has received a COLA but still violates Texas laws.

This recommendation is problematic because it will cause substantial delays in TABC's already slow label approval process. TABC currently takes approximately 30 days to simply process and issue a label registration application. In the past, when TABC had the authority to delay label registration while investigating a suspected violation, many products were significantly delayed in reaching the market.

TWGGA disagrees with this recommendation unless the law is amended to impose strict deadlines on how long TABC may take to conduct an investigation while a label registration application is pending and applicants are given due process rights to seek prompt review of TABC's findings.

Thank you for the opportunity to discuss this review and its impact on the wine industry in Texas. We look forward to continuing to work with the Sunset Commission, its staff and the TABC. If you have any questions regarding our considerations please do not hesitate to contact us.

TABC Adopts Changes to Winery Festival Permit

By Kyle Frazier

Synopsis: The new rule creates a "file and use" system that does not require prior approval for many of the smaller events. This should make the entire process a bit easier on our smaller operations. In addition, there will be no processing fee for those that qualify for these permits.

The other rule is dealing with the updated efforts by the agency to replace the compliance inspections with a self inspection system. The roll out on this will be in January. Currently permit and license holders can go to the TABC app and download a sample self-reporting compliance software.

- **33.15 Use of Winery Festival Permit**

- Current language states: ***there are no circumstances in which a winery festival permit will be issued without approval by the commission.***
- The adopted amendment states:
under certain circumstances, an application for a Winery Festival Permit does not require approval by the commission. These circumstances are;
 - The estimated total wholesale value of the alcohol to be provided or sold at the event by the permittee is less than \$10,000.
 - The estimated attendance at the event is not more than 500 persons.
 - The event is public.
 - The applicant has obtained permission to sell alcohol at the event from the owner of the premises where the event will be held.

If an application does not meet this criteria, it will need to be approved by the commission at least ten days before the event. If the application is accepted the certificate and permit must be posted at the event.

- **33.23 Alcoholic Beverage Permit, License, and Certificate Surcharges, and Expedited Processing Fees for Caterer Certificates, Temporary Licenses or Permits, and Certificates for Use of Winery Festival Permits.**
 - The current language ***has an expedited processing fee.***

- The adopted amendment states:
there will be now be no processing fee for applicants under rules 33.12 and 33.15.
- **41.22 Compliance Reporting by License and Permit Holders**
 - This is a new rule
 - Each permittee and licensee must file a compliance report with the commission using the new TABC Compliance Application. There may be warnings issued within 90 days of being noticed of not completing the compliance report. After 30 days there is a \$250 fee, if failure to pay the fee happens then the license will not be renewed.

Wine America Excerpt

The Big Deal: Congress Passes Farm Bill

by Jim Tresize, President

This week the House and Senate passed H.R. 2, the **Agriculture Improvement Act of 2018** (informally known as the **Farm Bill**), which will remain in effect for the next five years and benefit virtually all areas of agriculture in the United States. Special credit goes to the Chairman of the Senate Agriculture Committee Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI), and their counterparts in the House, Mike Conaway (R-TX) and Colin Peterson (D-MN).

The Farm Bill is a massive and complex piece of legislation which took two years to negotiate and ended up with a total price tag of \$867 billion. WineAmerica Vice Presidents Michael Kaiser and Tara Good, along with Larry Meyers and Fran Boyd of Meyers & Associates, were on the front lines to protect and advance the wine industry's interest. We also partnered with other agriculturally focused organizations, providing a broader base with a unified voice.

The benefits of multi-year funding can't be overemphasized, since it makes longer term planning possible, particularly in areas like research where it is vital. The three major areas of interest to the wine industry involve funding for export promotion, research, and block grants, and all three fared very well.

Diversity is our Strength. Unity is our Power.