Iowa Grape and Grape Processing Industry

History and Background:

- In 1919, Iowa ranked 6th in the nation in grape production with 6,000 acres growing in the state
- Grapes are a diversified, soil stabilizing perennial crop well suited to Iowa's steeper lands
- The Industry fits well in rural areas with a diverse landscape of crops, pastures, and forests.
- Vineyards and wineries can be an important part of a regional tourism industry

Industry Facts:

- Iowa currently has about 30 acres in grape production
- Iowa has nine commercial wineries but only two of which are processing Iowa grown grapes. The wineries are able to obtain only 40-60% of the needed grape products from Iowa, the remaining grapes and juices are imported from other states
- It takes 4 years to establish a commercial vineyard and 8 to 10 years to reach full production
- Total vineyard establishment costs $4400 per acre over the 1st 3 years and $2400 for years 4 and 5.
- One acre yields 3 to 5 tons of grapes per acres
- One ton of grapes produces 150-160 gallons of wine
- A 10-acre vineyard requires a full time employee
- A 5000 gallon winery would create 3 jobs
- Since January of 2000, over 400 people have attended information seminars on grape and wine production
- The existing wineries are being inundated with questions on production techniques, site selection, and winery establishment.
- Iowa has a $1.75 per gallon tax on all retail wine sales which generates approximately $3.9 million in revenue per year.
- Missouri has a $0.36 per gallon wine tax and invests $.06 to develop the grape and grape processing industry
- Missouri has 37 commercial wineries. The Herman, Missouri area has 12 wineries that anchor a $17 million tourism industry.
Industry Needs:

- Technical assistance for new grower and grape processors
- Business development assistance for processors and supporting services
- Marketing and promotion of Iowa as a quality grape and wine production state.

Request:

- Legislation that would invest $0.10 from the $1.75/gal. tax to support the development of the industry.

Impacts:

- Start up or expansion of seven wineries in the state would require an investment of $1,750,000.
- Seven wineries would create 21 new jobs
- New wineries would utilize grapes from 80 acres
- The existing wineries draw 8,000 to 15,000 visitors per year supporting visitor related businesses and services