



# IOWA WINE GROWERS ASSOCIATION

## Report on the Iowa Wine and Grape Industry

The wine and grape industry in Iowa has a long history, but has only recently made strides in expanding in terms of production and economic impact. In the year 2000, Iowa only had approximately 30 acres of grapes in production.<sup>i</sup> Today, we boast **97 wineries and 316 vineyards covering over 1,200 acres.**<sup>ii</sup> These wineries produced 373,434 gallons of wine in 2013.<sup>iii</sup>

From the wine that was produced, 263,682 gallons were sold during 2013, which was down only slightly (less than 1 percent) from the previous year. This equates to a **retail market value in excess of \$17.13 million.** Forty-five percent of wine sold by the winery was sold at retail. Fifty-five percent wine was sold at wholesale directly to retail outlets such as grocery stores.<sup>iv</sup>

The Iowa Native Wine tax paid to the State Iowa totaled **\$251,932 in 2013** down slightly from 2012. Iowa has the **3rd highest wine excise tax in the U.S. at \$1.75/gallon.** Of the over 4.45 million gallons of wine sold to Iowans **5.92 percent of the total sold were from Iowa wineries.**

Iowa's estimated population of over three million people consumes about 1.46 gallons of wine per person each year. The U.S. average is 2.73 gallons of wine per person. Clearly, the Iowa wine industry has room to grow.

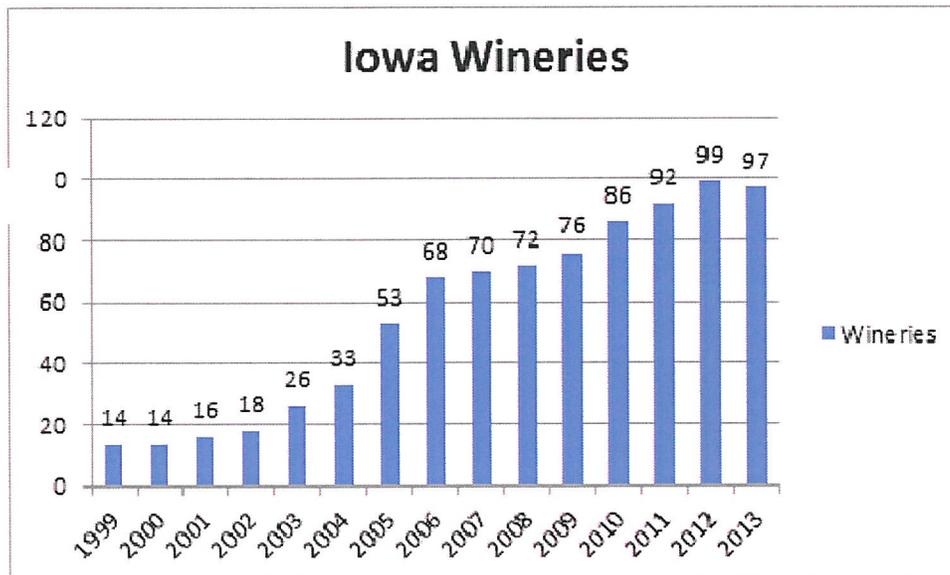


- General Fund  
\$96,675,184 (80.9%)
- Dept. of Public Health  
\$18,895,711 (15.8%)
- Economic Development  
\$288,690 (0.2%)
- Cities & Counties  
\$3,656,050 (3.1%)

Iowa ABD 2013  
Fiscal Year Accounting



- Liquor Sales  
\$255,846,573 (86.5%)
- Split Case Revenue  
\$1,411,057 (0.5%)
- Bottle Deposit/Surcharg  
\$2,061,722 (0.7%)
- Beer Tax  
\$13,888,888 (4.7%)
- Wine Tax  
\$7,727,636 (2.6%)
- License Fees  
\$14,706,231 (5.0%)



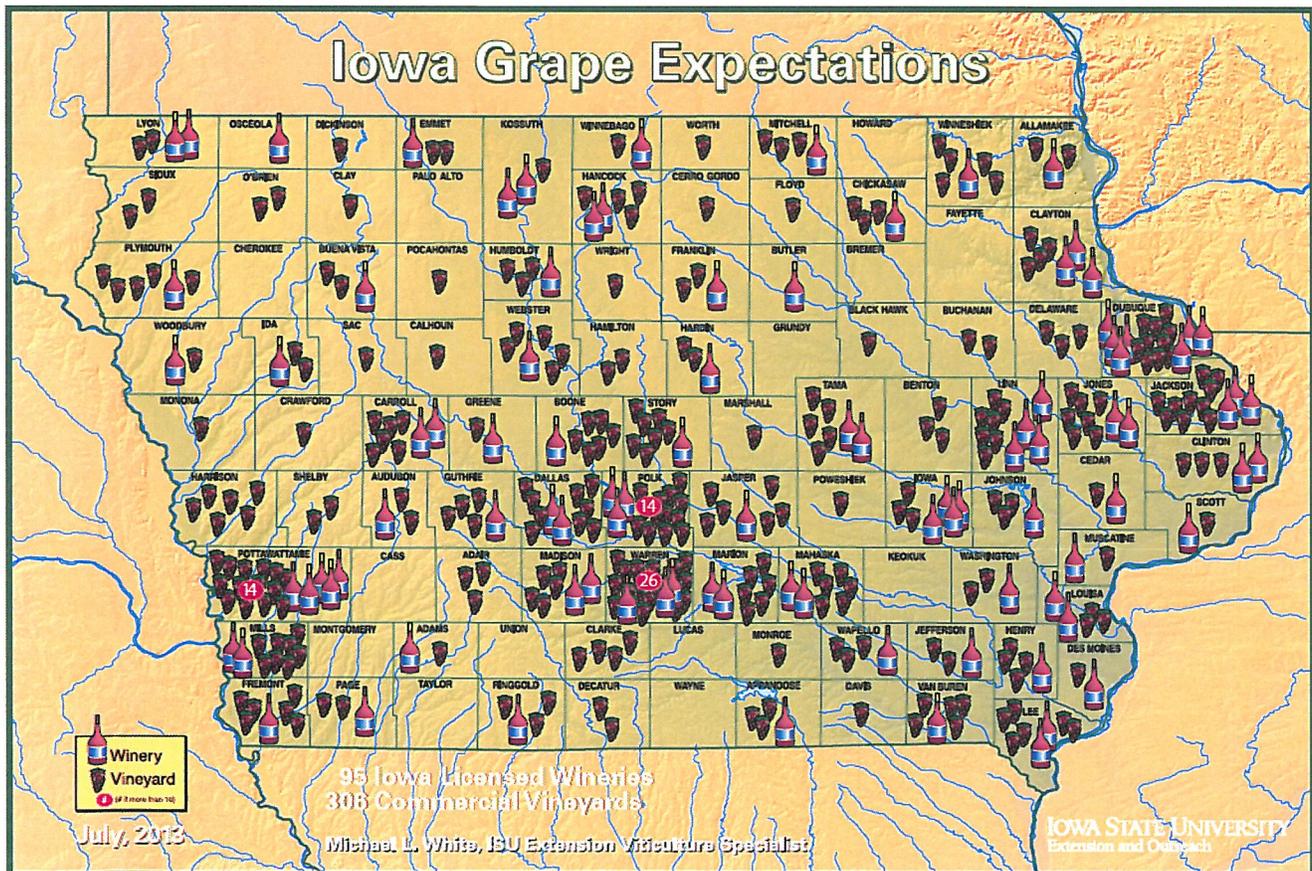
## A Snapshot of Iowa Wineries

Iowa's wineries and vineyards are locally owned and operated by Iowa families who are good neighbors and contribute to their communities. Iowa wineries vary greatly in their size and capacity. Many are small and located in old rural buildings or barns. A number of owners have erected new, moderate-sized buildings that can be expanded as the business grows. A few are very large, modern and expensive, costing their owners several million dollars to establish. The **typical Iowa winery will have an average of approximately 3,000 gallons of annual production capacity.**

The Iowa State University Ag Resource Center indicates that it costs around \$50,000 for each 1,000 gallons of winery production capacity. The 97 wineries that are currently open for business represent an approximate initial investment of **\$14.55 million by private winery owners into this new agriculture industry.**

The cost of establishing a vineyard in Iowa will typically range from \$8,000 to \$12,000 per acre. For the 316 vineyards operating in Iowa, this represents a total initial investment of **\$9.6 to \$14.4 million by Iowa vineyard owners.**

Iowa vineyards and wineries are found in **86 of Iowa's 99 counties.** From small towns and rural farms to our larger cities, members of our industry are investing in their communities and the people who live there. Over **1,700 people** are directly employed by wineries and vineyards.<sup>v</sup>



## The Wine Industry's Economic Impact

In 2008, an economic impact study was commissioned on behalf of the Iowa Wine & Beer Promotion Board in conjunction with the Iowa Department of Economic Development. The Iowa Wine Industry accounts for an impact of \$234 million. Each dollar in wine sales equates to \$31 of economic impact. An overview of the findings is below.<sup>vi</sup>

IOWA WINE AND VINEYARDS	ECONOMIC IMPACT
Number of Wineries	74
Number of Grape Growers	400
Grape-Bearing Acres	1,000
Wine Produced (Gallons)	186,700
Full-time Equivalent Jobs	1,777
Wages Paid	\$50.0 million
Retail Value of Iowa Wine Sold	\$7.6 million
Wine-Related Tourism Expenditures	\$27.5 million
Number of Wine-Related Tourists	237,000
Taxes Paid: State and Local / Federal	\$14.5 million / \$13.7 million

The Iowa native wine industry also helps to promote and establish additional economic activity in the state, including lodging, food, travel, gifts, ag-tourism, event centers, festivals, music, art and a host of service industries. The typical wine visitor will **spend more on the other industries and activities than they do on wine**. The **six official wine trails** that crisscross the state bring in visitors to not only the wineries but to the towns and cities along the way. These tourists are eating in restaurants, staying in local hotels and taking souvenirs home with them from local shops.

## Industry Resources

Iowa State University established the Midwest Grape & Wine Industry Institute in September of 2006. Dr. Murli Dharmadhikari is the director of the organization. The Institute is designed to serve Iowa and surrounding states and was created as a result of the evolving wine and grape industry in the Midwest. The Institute provides the following services:<sup>vii</sup>

- Wine & grape chemical analysis
- Discounted analysis packages to Iowa residents
- Diagnostic evaluation
- Sensory evaluation
- Demonstration of wine components & faults
- Iowa Quality Wine Consortium lab & analysis
- Viticulture research & extension
- Enology research & extension
- Group & individual training
- Governmental compliance training
- Personal & confidential consultation

## A History of the Industry

Grape-growing as an important part of Iowa agriculture is nothing new. Grapes were grown in the state as **early as 1857** when a vineyard was planted in Council Bluffs. In fact, **Iowa ranked eleventh in grape production** in the United States in 1899, and sixth in 1919. A movement toward more row crops, developments of new herbicides coupled with a severe blizzard in 1940 all served to diminish the number of grapes grown in Iowa.<sup>viii</sup>

A resurgence in the industry occurred in 2000 when the Iowa Wine Growers Association was established to represent the wine grape growers and wine-makers across the state of Iowa. In 2012, the **Iowa Quality Wine Consortium** was created to promote the making of quality wines and establish quality parameters to meet. Iowa wines must pass a rigorous testing process to be awarded this designation.



Today's industry is vibrant and growing. We are well-positioned to take advantage of growth opportunities and become greater contributors to the agricultural and economic vibrancy of the state of Iowa.

## Notable Accomplishments



<sup>i</sup> Grape Expectations: A food system perspective on redeveloping the Iowa grape industry, ISU Leopold Center, 8/2002: <http://www.leopold.iastate.edu/sites/default/files/pubs-and-papers/2002-08-grape-expectations-food-system-perspective-redeveloping-iowa-grape-industry.pdf>

<sup>ii</sup> Iowa Alcohol Beverages Division: <http://www.iowaabd.com>

<sup>iii</sup> Federal Tax & Trade Bureau: <http://www.ttb.gov/wine/s>

<sup>iv</sup> Federal Tax & Trade Bureau: <http://www.ttb.gov/wine/>

<sup>v</sup> The Economic Impact of Iowa Wine and Vineyards 2008 Report – MKF Research, LLC

<sup>vi</sup> The Economic Impact of Iowa Wine and Vineyards 2008 Report – MKF Research, LLC

<sup>vii</sup> ISU Midwest Grape & Wine Industry Institute: <http://www.extension.iastate.edu/wine/>

<sup>viii</sup> Grape Expectations: A food system perspective on redeveloping the Iowa grape industry, ISU Leopold Center, 8/2002: <http://www.leopold.iastate.edu/sites/default/files/pubs-and-papers/2002-08-grape-expectations-food-system-perspective-redeveloping-iowa-grape-industry.pdf>