

Iowa Wine Industry Impact



IOWA WINE GROWERS ASSOCIATION

Wineries

100

Since 2000, the number of wineries in Iowa has increased by 86 percent and represent \$14.55 million in capital investments.

Vineyards

313

Iowa's vineyards grow more than 40 different types of cold climate grapes. Vineyards have invested about \$10 million in startup funds.

Acres in Production

1,250

Iowa was once the sixth leading grape producing state in the nation.

Jobs Created

2,678*

Wineries and vineyards bring jobs to many rural communities both in the winery and in their communities.

Annual Tourists

358,000*

More Iowa wineries provide new destinations for visitors to experience Iowa wine country.

Gallons Produced

338,125 **

Wine produced in Iowa has a retail value of \$3.45 million.

State Taxes Paid

\$26 million*

Includes excise, sales, payroll, income and property taxes.

Tourism Dollars

\$41 million*

Wine tourists spend money in local communities. They stay in hotels, eat at restaurants and visit local shops.

Wages Paid

\$83 million*

Wages paid include supporting industries in communities where wineries & vineyards do business.

Total Economic Impact

\$420 million*

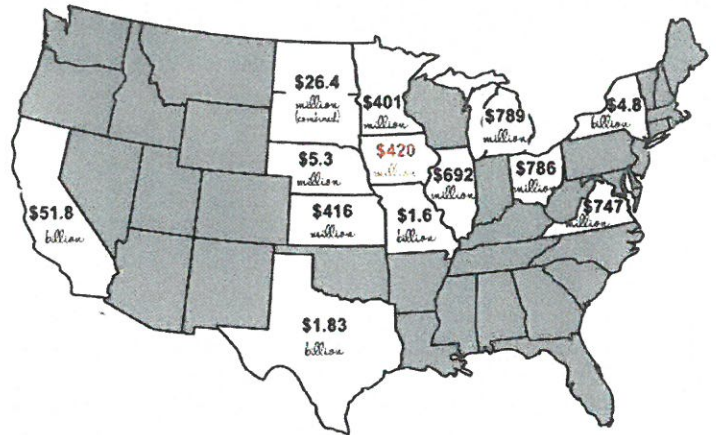
Iowa's wine & grape industry makes a difference in our state. Investing in our industry makes sense!

State by State Comparisons



IOWA WINE GROWERS ASSOCIATION

Wine Industries' Economic Impact



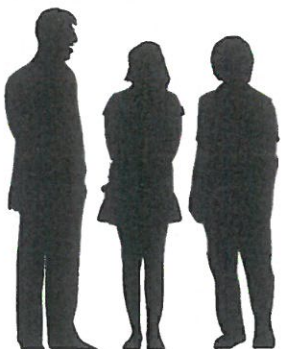
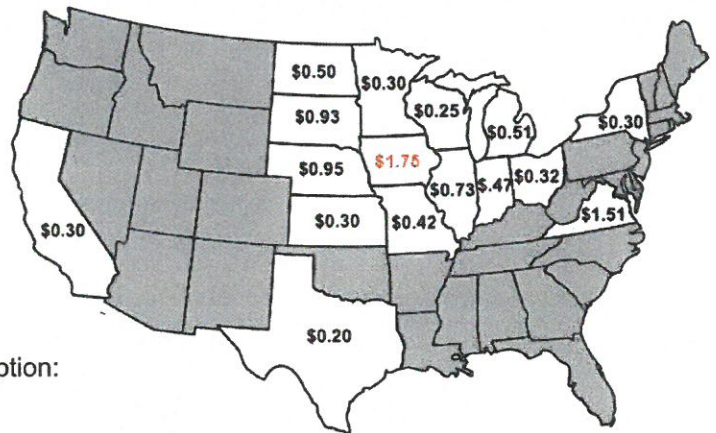
State investments help wine industries flourish!

State Investment in Wine Industries***

Illinois	Receives annual appropriation of \$500,000 to support the Grape and Wine Resources Fund
Indiana	Indiana allocates 11% of the excise tax collected to fund the Indiana Grape Council.
Iowa	Received \$488,000 in state funding in FY14. Seeking 15% of excise tax collected.
Missouri	State statute created Missouri Wine & Grape Fund. Missouri allocates 29% of excise tax collected to this fund and funds the Missouri Wine Institute.
New York	Appropriated \$6 million in funding for the state's wine & other beverage industries. Also provides \$3 million in Craft Beverage Promotion funds
Texas	Appropriated \$975,000 in annual support to grow economic value and to fund the Texas Wine Marketing Assistance Program.
Virginia	Virginia Wine Promotion Fund established by Legislature. The full portion of the wine liter tax derived from the sale of Virginia wine is directed to this fund. The FY13-14 total appropriation for the Wine Board is \$1,779,086.

Wine Excise Tax by State

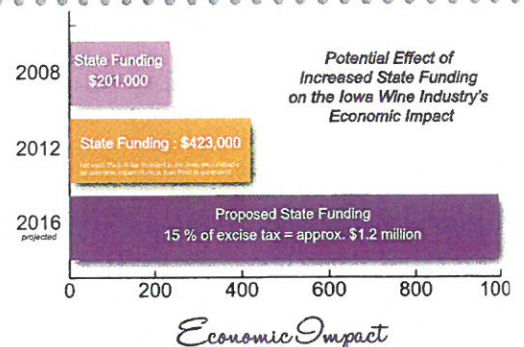
Iowa has the nation's **third highest** excise tax. Only Alaska & Florida are higher.



Average American's wine consumption:
3.92 gallons/year****

Average lowans' wine consumption:
1.72 gallons/year****

Increasing lowans' demand for Iowa wine will double our industry production, sales & impact!



*** and **** Sources: www.iowawinegrowers.org/references

Iowa Wine Growers Association

Vision Statement



Our Vision for Iowa's Wine Industry

Iowa has a long history of growing grapes and making wine. Our recent growth has gotten many excited about the future of our industry and it's potential for expansion. Iowa is a state rooted in agriculture; Iowa grown grapes have the potential to become an important part of this agrarian economy. Grapes grown in Iowa are a value added product and can be made not only into wine but into juice, jams, jellies and more. Iowa grown-grapes cannot be outsourced and are a resource that will remain in demand. Iowa's grapes are grown throughout the state; 87 of Iowa's counties are home to a winery or vineyard.

Growing grapes is a low-impact, high-yield form of agriculture and allows for more diversification amongst the acres of corn and beans. In addition, Iowa's fertile soil means that grapevines grown here require less fertilizer. Currently,

about 1,250 acres are in grape production. More demand will increase that number and encourage planting of vineyards.

Thanks to the research of many, we now have a better understanding of the varieties of grapes that we can grow successfully here, where winters kill less hardy grapes. We will require additional work to determine best practices for planting, harvesting and wine-making to create the best wine possible from the grapes and to truly establish a taste of place.

The future of our industry is bright! We look forward to continued partnerships with the Legislature, Iowa's universities and community colleges as well as Iowa's wineries and vineyards as we develop true "Iowa Wine Country!"

Industry Impact on Iowa's Economy

In the past decade, the number of wineries in Iowa has nearly quadrupled. This growth brings new jobs and more dollars to Iowa's rural communities. A 2012 study found that the wine and grape industry in Iowa had a **\$420 million impact on Iowa's economy**. Because our wineries and vineyards are located across the state, much of this impact is felt in rural communities.

Wineries are also an important part of Iowa's Tourism economy, attracting more than **350,000 visitors who spend over \$40 million** in the communities in which they visit. Iowa's wineries are helping to bring more people to rural Iowa and are vital players in the new agri-tourism movement. The wine industry also helped to create over **2,600 jobs paying about \$83 million in wages**.

In addition to jobs, monetary investments and energized communities, Iowa's wine and grape industry make significant contributions to the State of Iowa through taxes paid. In 2012, over **\$26 million were paid in state taxes** including excise, sales, payroll, income and property taxes.

Excise taxes alone represent a large percentage of the taxes paid by wineries. At \$1.75 per gallon, Iowa's excise tax is third highest in the nation. Only Alaska and Florida have higher excise taxes. Wine sales **contribute over \$7.7 million** in excise taxes to support the State of Iowa general fund. As the Iowa Wine industry grows and sales increase, so too will the excise taxes received by the state.



Growth Potential of the Wine Industry

The potential for growth exists in Iowa's wine and grape industry. A factor that will have an impact on growth is consumption. Iowans drink about half of the national average per capita in wine. Encouraging Iowans to consume locally made products will help to grow the Iowa wine industry. Conservative projections are that Iowa's wine industry can grow by five percent over the next five years, which equates to **an additional 18,600 gallons produced and \$1.3 million in additional state taxes**. Other Midwestern states have seen a boom in their wine industries, we anticipate the same for Iowa!

Continued growth of wineries and improvement in quality will also expand the consumer base, increase tourism and grow the number of people passionate about Iowa Wine!

Quality wine is at the heart of the future of Iowa's wine and grape industry. It is necessary that we establish ourselves as a leader in quality, cold climate wine that can compete on the same level as wines the public are more familiar with. We are well on our way to achieving this goal; additional investments into wine production practices will advance our efforts more quickly.

To gauge the growth of Iowa's wine industry two recent economic impact studies have been performed; in 2008 and 2012. The increased growth in the industry has been incredible. In four years, the number of wineries increased by 25 percent. Taxes paid to the state nearly doubled. **The overall economic impact to the state of Iowa increased by \$186 million in four years.** Imagine the potential!

What We Need to Achieve Growth

To achieve the growth and expansion that we believe is possible, we will need the support of research and educational institutions as well as the monetary support from the Iowa Legislature. Our needs are two-fold; additional research and new educational opportunities will be necessary to achieve our goals. **Increased funding will help us achieve these goals.**

The Midwest Grape and Wine Industry Institute, housed in the Department of Food Science at Iowa State University, has been instrumental in the current development of Iowa's wine industry. It will be necessary for their **research work to continue** to help us better understand the components of our wine-grapes and how we can maximize the quality of

wine made in Iowa. In addition, their services to help wineries improve their wine through chemical analysis and evaluation is essential to the improvement of our industry.

Secondly, if our industry is to expand at the rate that we expect, our wineries will have a **demand for more skilled jobs** in the area of wine-making and grape growing. Currently, there it is incredibly difficult to find employees skilled in the area of wine-making & grape growing specific to our cold climate grapes, which is why the **Iowa Wine Growers Association Apprenticeship Program** is in planning. This hands-on and educational apprenticeship program will focus on filling the cellar worker and wine-maker job gap in the upper Midwest that increased demand for Iowa wine will create.



Our Proposal for the Future

To advance our research efforts and to offer new educational programs, we propose the creation of a new facility in conjunction with an educational institution.

This facility will house:

Teaching winery: to train our workers by offering a certificate program for grape growers and winemakers

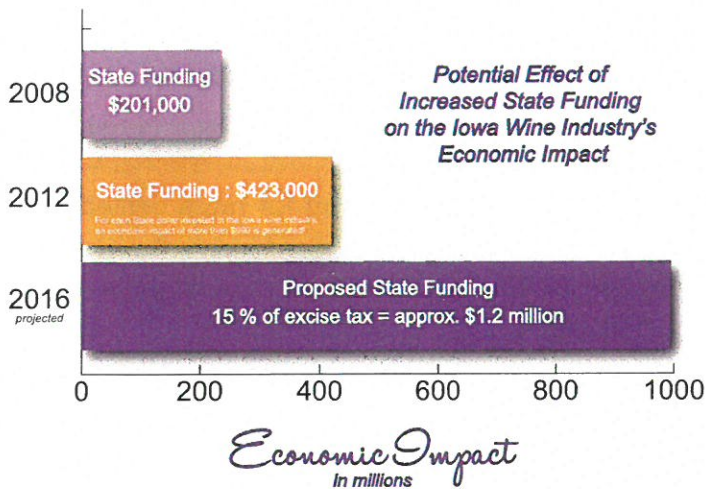
Research winery: to address our unique research needs and secure federal dollars

Limited production commercial operation: to provide demonstration to scale and help to sustain the program

Technical services for industry: to assist small growers and producers

Wine and culinary center: to promote agri-tourism & showcase Iowa food, wine and other value added products

Our Expectations



Funding for this facility will have two parts and will require the collaboration of multiple entities.

- **Des Moines Area Community College** has agreed to provide land and lease opportunities for the construction of the facility. They will also provide the creation of a curriculum for this new education and research program.
- A one-time appropriation of \$4 million from the **Iowa Legislature** will be used to establish the facility.
- To ensure ongoing support for the facility, research and educational endeavors, we ask that the **Iowa Legislature**, permanently direct 15 percent (\$0.25) of the current excise tax to be used to support and grow Iowa's wine and grape industry.

Iowa wineries are paying a significant amount in excise taxes; it only makes sense that some of those dollars are reinvested back into the industry. Conservative estimates show that Iowa wineries and vineyards have invested well over \$40 million into just the establishment of their wineries and vineyards. We ask the Iowa Legislature to join us in this investment for the benefit of the entire state.

There will be a return on investment for the state. The growth of the wine industry will demand more capital investments on the part of the wineries to increase production and sale. These increased sales will bring dollars back to the state in additional taxes.

This investment will also lead to an increase in economic impact and we believe will help to double our industry's impact to the state, increasing jobs, visitors and tourism dollars.



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