



State Senator Sheila Harsdorf

DATE: June 28, 2017
TO: Senate Committee on Agriculture, Small Business and Tourism
FR: Sen. Sheila Harsdorf
RE: Senate Bill 311 – Extending Winery Retail Hours of Service

Dear Chair Moulton and Committee Members:

Thank you for holding a public hearing on Senate Bill 311 that would extend the hours of service for Wisconsin wineries.

Wineries represent a popular, thriving industry in our state where we have seen the number of wineries grow from 41 in 2007 to more than 100 in 2017. That is a whopping 144% increase in just 10 years. These small businesses not only create jobs and encourage economic growth but they also help drive tourism in our communities. Wineries provide residents and tourists alike with a unique experience to enjoy a glass of wine in the beautiful Wisconsin countryside.

It's estimated that there are 1.5 million annual visits to tasting rooms in Wisconsin wineries, generating more than \$49 million in sales. Grape growers and wineries combined to create nearly 2000 full time jobs in 2015. The wine industry is a valuable driver for Wisconsin's economy.

Currently, wineries must close their business at 9:00 p.m. This is the earliest closing time for any business that serves alcoholic beverages in Wisconsin. As wineries grow in popularity and invest in their facilities, the required 9:00 p.m. closing time severely limits their opportunities and ability to serve and accommodate their customers. SB 311 would allow a winery to remain open until midnight allowing wineries to hold special events such as wedding receptions.

In order to provide local communities the ability to address local concerns, SB 311 would allow local governments to restrict winery closing hours by ordinance.

This legislation will help wineries grow their businesses and better serve their customers, which in turn will benefit our local and state economies. The Wisconsin Winery Association and wineries across the state are in strong support of SB 311.

Thank you again. I urge your support of SB 311 and would welcome the opportunity to respond to questions.



SHANNON ZIMMERMAN

STATE REPRESENTATIVE • 30th ASSEMBLY DISTRICT

FOR IMMEDIATE RELEASE
June 28, 2017

Contact: Rep. Shannon Zimmerman
(608) 266-1526

Testimony in favor of SB 311-Winery Hours Bill

My sincere thank you to the chair and committee members for your time and attention today. My name is Shannon Zimmerman. I am a first-term State Representative proudly serving District 30. This district lies immediately adjacent to Minneapolis-St. Paul, a subtle point relevant to the bill before you today based on the economic impact of Wisconsin's tourism industry.

A bit of background and disclosure so that each of you knows why I am before you today. I may very well be the least political person in Wisconsin State politics. I grew up in western Wisconsin with two younger sisters. We were incredibly poor. We lived in a highly agricultural area east of Eau Claire, WI. I had a newspaper route and would work farm jobs to help pay for school clothes, supplies and whatever my working Mother needed to help keep our home intact.

Nothing came easy in those days. I know what it means to want, to need and to persevere. Those times of challenge would have more impact on me than I ever imagined. I realized that my success, my survival would come down to me. I own my future and its outcome. Give me a fighting chance and that's all I need.

I married at 18, went on to school and my wife and I began our first business in 1997. That business was just one in a sea of over 25,000 in our industry. As of 2016, that business that started in our home in River Falls, WI has advanced to number 8 in North America and 30 in the world. We are now one of the area's largest employers and I feel both blessed and humbled every day to be a part of this epic journey all originating in the great State of Wisconsin.



SHANNON ZIMMERMAN

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Government played a supportive role in our business being successful. By 2004 our home-based business was now far from home. We had outgrown every office center that River Falls had to offer. Many folks suggested we move across the river to St Paul or Minneapolis. Then State Representative Kitty Rhoades and Senator Sheila Harsdorf were instrumental in helping us establish a construction project that allowed us to build a 25,000sf office to serve as our global HQ. Today, with operations in numerous countries around the world, River Falls, WI is still our global HQ.

It is also very important that you know immediately that my family owns a winery located near River Falls, WI. We would open that family business in 2015. It now employs just over 20 local people.

I did not come to Madison for any reason related to our winery or the alcohol industry. Funny how life works. This subject has seemingly sought me out. I bring a personal and direct perspective to the industry and related matters. I am here as both a winery owner, but also a State born entrepreneur that has intimate knowledge of wineries and business in general. Within weeks after my election win, I would be contacted from countless wineries that knew I happen to own one and they asked for my support.

If ever a group of people existed that represented the salt of the Earth Wisconsin that we are all so proud of, you really should get to know Wisconsin winery owners. In the State that is iconic for cheese, it seems fitting that wine is the new rocket ship industry and together they pair wonderfully.

These are small Wisconsin businesses. In high consumer demand. Beginning with a handful of wineries, as of a 2015 Research Study Wisconsin had over 125 wineries, generating over \$150M in annual revenue. In just two more years, that number continues to grow dramatically. They represent one of the fastest growing tourism draws in the State. I can tell you from my own experience that our River Falls winery now draws over 10,000 guests annually and the largest



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percentage of those guests are Minnesota residents, I am thrilled to have them spend their money in our State.

As every business does, it responds to consumer demand. Wisconsin wineries are seeing a huge demand for more. Take the poetic vineyard and winery setting and now consumers want to host a wedding, corporate event, family celebration. It all seemed so obvious to me that everyone benefited from fulfilling the consumer requests.

Not so fast... While the summer sun may still be up in the sky, a winery must close by 9 pm. Few brides want to wrap things up by that hour. Countless wineries have shared similar stories of having to pass on revenue to their business, but also to related area businesses because under current Wisconsin law they don't even have a fighting chance. The law has made a choice for them. The government has indirectly decided that these businesses should not fulfill market demand.

The business leader in me wondered why such a restriction existed? What free market, revenue loving person would support such a law? It took only a few short weeks in Madison to learn the harsh realities of special interests and protectionism that challenges the essence of free markets that I hold dear to my heart.

For a person that came from literally nothing, having been blessed by God to grow a leading national company from River Falls, WI, to now be disarmed by government policy, seemed so unfair and unjust.

What could be so against public policy or safety about allowing a family or small town winery to stay open until midnight? Who is harmed? All of these businesses must still comply with all County and Municipal regulations. To limit and restrict these valuable Wisconsin businesses is to contradict the essence of free market philosophies and small business success.



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Less about me, but for 65 Vines Winery and Cracked Barrel Winery located in picturesque western Wisconsin, I ask you support expanding the operating hours of these businesses. The world is changing and evolving. My love of business and the entrepreneurial spirit drives me to allow private sector business to compete and compete fairly. The government should not dictate who wins and who loses. Please support the winery hours bill.

A special thank you to Senator Sheila Harsdorf and State Representative John Nygren for authoring this bill.

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John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

Senate Committee on Agriculture, Small Business and Tourism

Chair, Senator Terry Moulton

Testimony by Representative John Nygren

June 28, 2017

Thank you Chair Moulton and members of the Senate Committee on Agriculture, Small Business and Tourism for holding a public hearing on Senate Bill 311.

Under current law, a winery operating under a retail “Class B” license may not remain open for retail sales of wine between the hours of 9pm and 8am. This bill changes current law to allow Wisconsin wineries operating under a retail “Class B” license to remain open for wine sales until midnight.

Wisconsin has many wineries across the state; they’re a great benefit to our economy through retail sales and tourism. This bill will help increase opportunities for tourists and local residents to purchase Wisconsin-made wine, which will further improve our state’s economy.

Forgotten Fire Winery is located in Peshtigo within my district, and government red tape has proven to be a burden on their wine sales. While their business has been profitable and has allowed for a 3,000 square foot expansion in 2012, state law prohibits them from selling their own product after 9pm.

This bill will help create more jobs, improve the business climate for locally-owned wineries, and improve accessibility for tourists who visit our state. We do a great job of opening our borders to out-of-towners for outdoor activities and sporting events, and it’s my belief that we should do the same for our local wine producers.

I appreciate the opportunity to testify before your committee today on these important pieces of legislation and welcome any questions you may have at this time.

*We Are Passionate
About Great Wine!*

DANCING
DRAGONFLY
WINERY



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Public Hearing
Senate Committee on Agriculture, Small Business and Tourism
Wednesday, June 28, 2017

Written testimony on Assembly Bill 311
Submitted by
Dancing Dragonfly Winery
St. Croix Falls, WI

Chairman Moulton and Members of the Committee;

Thank you for the opportunity to provide written testimony on Bill 311, relating to closing hours for retail sales by wineries.

We STRONGLY SUPPORT the change in 125.68(4)(c)3m, extending the closing hours for retail sales by wineries.

There are four major reasons to support this bill:

1. Without a change in the law, wineries are at risk of not being a viable business. The wine industry in Wisconsin is growing, creating new jobs, additional tourism opportunities, and revenue for the state, especially in rural areas of the state. By extending the retail sales hours on winery premises, you are creating more jobs.

Due to other restrictions in the law, most wineries do not sell their wines outside of their premises. By extending the hours a winery is open, you are giving tourists and residents an increased opportunity to purchase our products, increased recognition of our brands, plus creating a tourism brand for our region.

Creating a vineyard and winery is a highly capital-intensive business endeavor, with an unusually long (if ever) period before the investment is repaid. For example, we began our investment in 2009, and have not yet made a profit in any year. We have to keep a vigilant eye on revenues and margins. The ability to extend hours will help make the business viable.

Most wineries in Wisconsin are owned and operated by families. We are small business owners, with a passion for wine and educating our customers on wine. Other businesses that sell wine do not share the panache and tourist draw of the wine experience.

2. Extending hours increases tourism. Wineries provide numerous benefits to our communities. They are a destination, bringing people from all over, especially from the Twin Cities into Wisconsin. By extending the hours, you give tourists more time to enjoy the area. That turns into more revenue for the state of Wisconsin and more jobs in the state, especially in rural areas.

Current laws limit tourist opportunities in the state of Wisconsin. Tourists come to wineries to experience a wine tasting, learn about wine, and see how wine is made. They will often purchase wine after their experience, reminding them of the afternoon they just spent in beautiful Wisconsin. They also find inns, B&Bs, and restaurants to supplement their visits. Often a wedding or similar event is their first introduction to the area.

3. Change will not hinder sales at other Wisconsin wine providers. Wineries do not compete in any significant way with tavern customers. Winery customers come to experience tastings, as a special experience, and sit by the vineyard and sip wine or to attend a wedding. It is about the serene and romantic experience for them. It is not about serious drinking. In fact, we discourage hanging out at our tasting bar, by not having any seating at the bar—our tasting bar is standing customers only.

Tavern customers visit taverns for different reasons. Taverns tend to be visited on a regular basis, more casually, and typically become a destination focused on sitting and drinking. Most taverns could not reasonably be considered a romantic or serene destination, or a place one would go to look at the scenery and slowly sip wine.

If you have not done so before, we invite the committee to visit a Wisconsin winery for a wine tasting, and experience the difference we are talking about.

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4. Concerns raised by others in the alcohol industry are not valid. The purpose of a winery is not limited to producing wine. There is no authority or legislative history that states the purpose of a winery is to solely produce wine. On the contrary-- Wisconsin Statute 125.53 allows not only the manufacturing of wine, but also allows wineries to provide tastings and have retail sales, consistent with their tourism intent. Staying open past 9:00 pm does not change what the law already allows.

Wisconsin wineries do not sell their wine throughout the country in any material way. While it is legal for Wisconsin wineries to sell their wine throughout the country, it is practically impossible for this to occur. Even if wineries were selling wine throughout the country, it is not clear how this is relevant to extending the hours of operation of a winery.

Current laws are already different for wineries, taverns, and beer pubs. The assertion that wineries are asking for a major change in the rules to make the playing field unbalanced is a misleading exaggeration. Wisconsin Statute Chapter 125 is full of exceptions for all tiers in the alcohol business. Assembly Bill 286 is an effort to put wineries on more of an equal footing with other businesses.

Taverns believe wineries are their competitors, due to the fact that customers drink alcohol at both businesses. Wineries believe large hotels and convention centers are actually our competition (in our case, in Minnesota), due to space for weddings and special events. Does it really matter who the competition is? Almost every business in the United States has competition. It makes us better in what we do. Current law unfairly discriminates against wineries regarding how late in the day a winery can serve, and what can be served, when compared to large hotels, event centers, and convention centers. We are simply asking to be put on equal footing with others in the industry.

IN SUMMARY

Revenue to the state of Wisconsin, jobs to the Wisconsin citizens, and the viability of a growing tourist attractions will continue to be lost if AB 311 does not become law.

We are aware of the opposition presented by the taverns' lobbyists. Despite their fear about this, we are not the taverns' competition. Our competition is actually large hotels and event centers, not the taverns. The majority of wineries are actually in areas where large hotels do not exist, where the winery is the only option for special event, such as a wedding. Our winery, for example, is in a prime rural location to draw away higher-end wedding business from Minnesota's Twin Cities.

For most wineries, the extension in hours is NOT to keep our Tasting Room open into the night. Our biggest business opportunity is weddings and other special events. Our intent is not to be a bar, open late every night. However, to have the flexibility to stay open when the occasion warrants would be a valuable asset, for us, for the state of Wisconsin, and for Wisconsin's citizens.

Thank you for your consideration of these issues. We, along with wineries in Wisconsin, have made a large investment, both monetarily and emotionally, to create our winery and events. We hope you support wineries to be viable businesses.

Bill and Christine Bluhm, Owners
Dancing Dragonfly Winery, St. Croix Falls, WI
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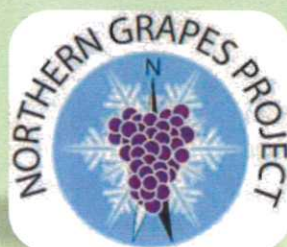


Wineries of WISCONSIN

Economic Impact of Wine Tourism in Wisconsin in 2015

Prepared by the MSU
Wine Tourism
Research Group

November 2016



Economic Impact of Wine Tourism in Wisconsin in 2015

Report prepared for the Wisconsin Winery Association by the Michigan State University Wine
Tourism Research Group

Report Authors

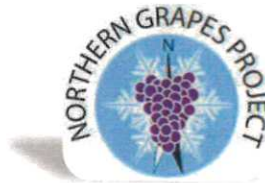
Dan McCole, Ph.D., MBA

Don Holecek, Ph.D.

Jenni Lee

November 2016

This report presents the economic impact analysis conducted by the Michigan State University Wine Tourism Research Group for the Wisconsin Winery Association. A portion of the data collection for this study was conducted as part of the Northern Grapes Project funded by the USDA National Institute of Food and Agriculture (NIFA).



EXECUTIVE SUMMARY

The study involved four main areas of analysis, described briefly here and in detail in subsequent sections.

1. *An estimation of annual winery tasting room visitation in Wisconsin.* This estimation was achieved using data from a Wisconsin winery owner survey conducted by the MSU Wine Tourism Research Group from January through March of 2016. We estimate that in 2015, there were 1,780,918 visits to Wisconsin winery tasting rooms.
2. *A calculation of tourism related expenditures by visitors to Wisconsin tasting rooms.* The data used for this analysis came from our Wisconsin tasting room visitor survey, which was conducted as part of the Northern Grapes Project from June through October of 2015. One section of the survey asked respondents (intercepted at tasting rooms) to report how much money they had spent in different tourism sectors (e.g., lodging) throughout the entire trip during which they visited a winery or wineries. We estimate that visitors to Wisconsin tasting rooms spent \$152,611,865 as part of the trips during which they visited a winery or wineries in 2015. (Note: This is not the economic impact since much of this spending cannot be attributed to wine tourism).
3. *Attribution of spending to wine tourism.* Not all of the tourism spending mentioned in number 2 above can be attributed to wine tourism. To estimate the impact of a winery (or wineries) on visitors' decisions to travel to a specific area, tasting room visitors who completed the 2015 winery tasting room visitor survey were asked to indicate the importance of wineries in their decision to travel to the area. Their answer helped to determine how much of the \$152.6 million in spending could be attributed to wine tourism. We estimate that \$49,199,827 in direct spending during 2015 can be attributed to wine tourism.
4. *Estimation of secondary effects of wine tourists' spending.* There are two types of secondary effects (sometimes referred to as the multiplier effect) of tourism spending: indirect and induced. Indirect effects include the spending, incomes and jobs generated in sectors that supply goods and services to the wine tourism sector. Induced effects are the increased sales from household spending of the income earned by employees in the wine tourism and supporting sectors. Adding the secondary effects to the direct spending calculation, we estimate the total effect of wine tourism in Wisconsin to be approximately \$88 million and 1,350 jobs.

It is important to clarify that this economic impact is only for the wine *tourism* and does not include the significant economic activity related to the growing of wine grapes and the production of wines.

Annual Visitation

No tourism economic impact study can be done without a count or estimation of visitor numbers. Before the study began, we encouraged wineries to count or estimate their annual number of visitors. We also made this request during our presentation at the annual state conference, and we asked the Wisconsin Winery Association to encourage wineries to conduct visitor counts in their communications to members. Moreover, we distributed handheld counters as a thank you gift to the 17 wineries that partnered with us to recruit winery tasting room visitors for our study. Although some wineries reported using these counters, these gifts were meant primarily as a reminder to wineries to keep track of their visitor counts.

Beginning in January 2016, we began surveying all Wisconsin wineries about a number of topics including their annual visitor counts for 2015. Eventually, we recorded responses from 66 of the 98 wineries. Of these 66 wineries, 59 were able to provide 2015 visitor counts or estimations. These responses were then used to help estimate the annual visitation for the wineries that did not report visitor numbers using the following process.

Estimation of Visitation for Non-Reporting Wineries

1. We recorded the liters produced for all Wisconsin wineries using data from WI Dept. of Revenue.
2. Based on annual wine production, we broke wineries into the following size categories (note these categories do not correspond to vine and wine size categories)
 - Very Small (*under 1,000 liters produced*)
 - Small (*1,000 – 10,000 liters produced*)
 - Medium (*10,000 – 30,000 liters produced*)
 - Large (*30,000 – 100,000 liters produced*)
 - Extra Large (*Over 100,000 liters produced*)
3. Next we examined the reported visitor numbers to see which seemed high or low compared to other wineries of similar sizes. For each visitor count that seemed to be inconsistent with wineries of similar sizes, we conducted a deeper examination of the winery to see if there was a potential explanation for the atypical visitation numbers. To do this we considered factors such as proximity to population or tourism destinations, participation in wine trail, age of winery, etc. We also considered the national averages for annual winery tasting room visitation (from a recent study by Silicon Valley Bank and Wine Business Monthly). Eventually we determined that one winery probably underestimated its visitation numbers, and another probably overestimated. Both of these wineries were treated like wineries that hadn't reported visitation numbers.
4. Wineries that didn't report visitation numbers were given an estimate based on the average visitation for similarly sized wineries, with adjustments made for geography, proximity to population/tourism destinations, wine trail participation, etc.

Based on this process, we estimate the annual visitation to Wisconsin wineries to be 1,780,918. This means that 1,780,918 total visits were made to WI wineries in 2015. For example, one person visiting five wineries would account for five visits, and five people visiting one winery each would also equal five visits.

Because their spending is so different, this economic impact study separates people visiting tasting rooms as part of a day trip from those whose visit was part of an overnight trip. The 2015 Wisconsin tasting room visitor survey (reported on at the annual conference at the Wisconsin Dells in January 2015) helped to determine the number of visits that are part of day trips and overnight trips. Based on the analysis of that survey, we can estimate that the total visitation estimate of 1,780,918 comprises 894,024 visitors who visited the wineries as part of day trips, and 886,894 visitors who took overnight trips.

Direct Spending

To assess the direct spending amounts attributed to wine tourists in Wisconsin, we again used data from our 2015 tasting room visitor survey, which included a section that asked survey participants to report the amounts of their expenditures in different tourism spending categories for the entire trip during which they visited a winery, regardless of the length of that trip.

Unsurprisingly, there was a stark difference between the spending of people whose winery visit was part of an overnight trip and those who took a day trip from their home or second home. Because of this difference, we calculated separate spending averages for respondents whose tasting room visits were part of day trips and overnight trips.

Spending results for day visitors, overnight visitors, and the combination of both of these are reported in Table 1. This represents the base spending from which this economic impact analysis is calculated.

Table 1. Trip Spending Tasting Room Visitors

Tourism Spending Category	Day Visitor Per Person Spending	Overnight Visitor Per Person Spending	Combined Per Person Spending
Lodging	0	89.36	\$89.36
Transportation	10.41	42.69	\$53.10
Restaurants and Bars	10.63	43.47	\$54.09
Wine purchased at retail	7.49	13.82	\$21.31
Wine purchased at wineries	22.04	34.53	\$56.57
All other F & B	6.89	21.61	\$28.50
Other shopping	6.87	21.83	\$28.70
Entertainment	1.12	10.24	\$11.36
Recreation	3.33	14.08	\$17.42
Other	2.84	6.47	\$9.30
Total Spending per Tasting Room Visitor	\$71.61	\$298.11	\$369.72

Attribution of Spending to Wine Tourism

Not all trip spending for winery tasting room visitors can be attributed to wine tourism. A couple that takes a weeklong trip somewhere in Wisconsin, and happens to make an impromptu visit to a single winery at some point during that trip, should not have all of the spending from their entire trip attributed to wine tourism. Although some economic impact studies capture all spending in these kinds of situations, this type of estimation is considered neither a best practice, nor an ethical one.

On the other hand, the addition of a winery (or wineries) can certainly make a tourism destination more attractive than other potential destinations a tourist could choose. To help determine the amount of spending that can be attributed to wine tourism, tasting room visitors were asked to rate the importance of a winery or wineries to their decision to travel to the area. For those who indicated that the wineries were “the only reason” for their travel, 100% of their spending was used to determine average spending levels. For those who indicated wineries were “an important reason” for their travels, 50% of their spending was used. For those who indicated the wineries were “somewhat important” to their decision to travel to the area, 25% of reported spending was used to calculate average spending levels. This method for attributing spending is a common practice in economic impact analyses. The results of these adjusted spending levels are what we used to determine “total direct spending” attributed to wine tourism and are reported in Table 2.

Table 2. Total Direct Spending Attributed to Wine Tourism

	Day Trip	Overnight Trip	Combined
Avg. Spending per Visitor	71.61	298.11	369.72
Avg. Number of Wineries Visited per Trip	1.7	2.3	
Per Person Spending Per Winery Visit	42.12	129.61	171.74
Total Number of Winery Visits	894,024	886,894	1,780,918
Total Direct Spending	37,660,374	114,951,491	152,611,865
Total Direct Spending Attributable to Wine Tourism	20,289,527	28,910,300	49,199,827

The \$49,199,827 total is the amount of annual direct spending that can be attributed to wine tourism in Wisconsin, based on 2015 data.

Secondary Economic Effects

The primary purpose of this study was to generate an estimate of the amount of money Wisconsin tasting rooms' tourists generate annually for local economies. As reported above, tasting room visitors spent about \$153 million on their trips in 2015, of which nearly \$50 million can be directly credited to the presence of Wisconsin tasting rooms. The procedures employed to develop these estimates are in line with best research practices and used moderately conservative assumptions when such assumptions were necessary. Thus, we have a high degree of confidence in our direct spending estimate.

In addition to the impact of direct spending on local economies, this spending stimulates multiple additional rounds of spending before eventually leaking out of the economy. While this "multiplier" effect is amply evident, measuring it is very challenging and costly if precise detail is needed. However, it is possible to generate meaningful estimates drawing upon prior research studies. Based upon evidence from past tourist studies, including a recent Wisconsin vineyards and wineries study conducted by Tuck and Gartner at the University of Minnesota, the multiplier that captures the direct, indirect and induced impacts of new dollars in an economy ranges between 1.5 and 2.0. Applying these multiplier estimates to the \$50 million of direct expenditures yields a total economic impact estimate which ranges between \$75 and \$100 million.

It is also common for economic impact studies to project estimates of the number of jobs tied to the influx of new dollars tourists introduce into local economies. Deriving a precise job creation estimate is also challenging and costly. But, again it is possible to draw upon past studies to develop a meaningful estimate. Past study results indicate that a total of \$60,000 to \$75,000 of the total economic impact estimate is required to create one full-time job equivalent. Applying these job-creating requirements to the \$75 to \$ 100 million total economic impact estimates yields a range of jobs created by Wisconsin winery tourists of between 1,000 and 1,700 jobs.

While it was possible to develop a sound point estimate (\$50 million) of new money (i.e., direct expenditures) introduced into regional economies by Wisconsin's wine tourists, estimates of total economic impact (\$75 - \$100 million) and jobs created (1000-1700) by these direct spending dollars is necessarily less precise. Should point estimates of total economic impact and jobs created be needed, it is appropriate to select one near the middle of the ranges reported herein. Thus, a mid-range estimate of total economic impact would be about \$88 million and a mid-range estimate of jobs created would be about 1,350.

Conclusion

Wine tourism is a rapidly growing and increasingly important aspect of the tourism sector in Wisconsin. Wine tourism in Wisconsin is a significant generator of economic activity and jobs, particularly in rural areas, and provides a sought-after leisure experience to visitors. Evidence from this study shows that Wisconsin's wineries are increasingly responsible for "pulling" visitors to the regions where they are located and certainly add to the state's already attractive menu of tourism resources and attractions.

In 2015, the state's 98 wineries experienced 1,780,918 visits by guests, approximately half of whom were on an overnight trip at the time of their visit. The total tourism spending of these

visitors totaled over \$152 million, with almost \$50 million directly attributable to wine tourism. Because much of this spending occurs outside of the winery, the wine tourism sector creates additional value for neighboring businesses that serve tourists, as well as businesses that supply goods and services to the wineries themselves. Including the secondary economic effects of this spending, we estimate the total economic impact of wine tourism in Wisconsin to be between \$75 - \$100 million, and responsible for between 1,000 – 1,700 full-time equivalent jobs.

The Economic Impact of the Winery and Vineyard Industry on Wisconsin

In the summer and fall of 2012 the USDA undertook a special survey of Wisconsin grape growers (vineyards) and wineries to gain insights into the structure of the industry. As part of that survey work data was gathered on the expenditure patterns of vineyards and wineries. Using that survey data a detailed description of the industry was constructed and used to assess the economic contribution of the industry to Wisconsin.

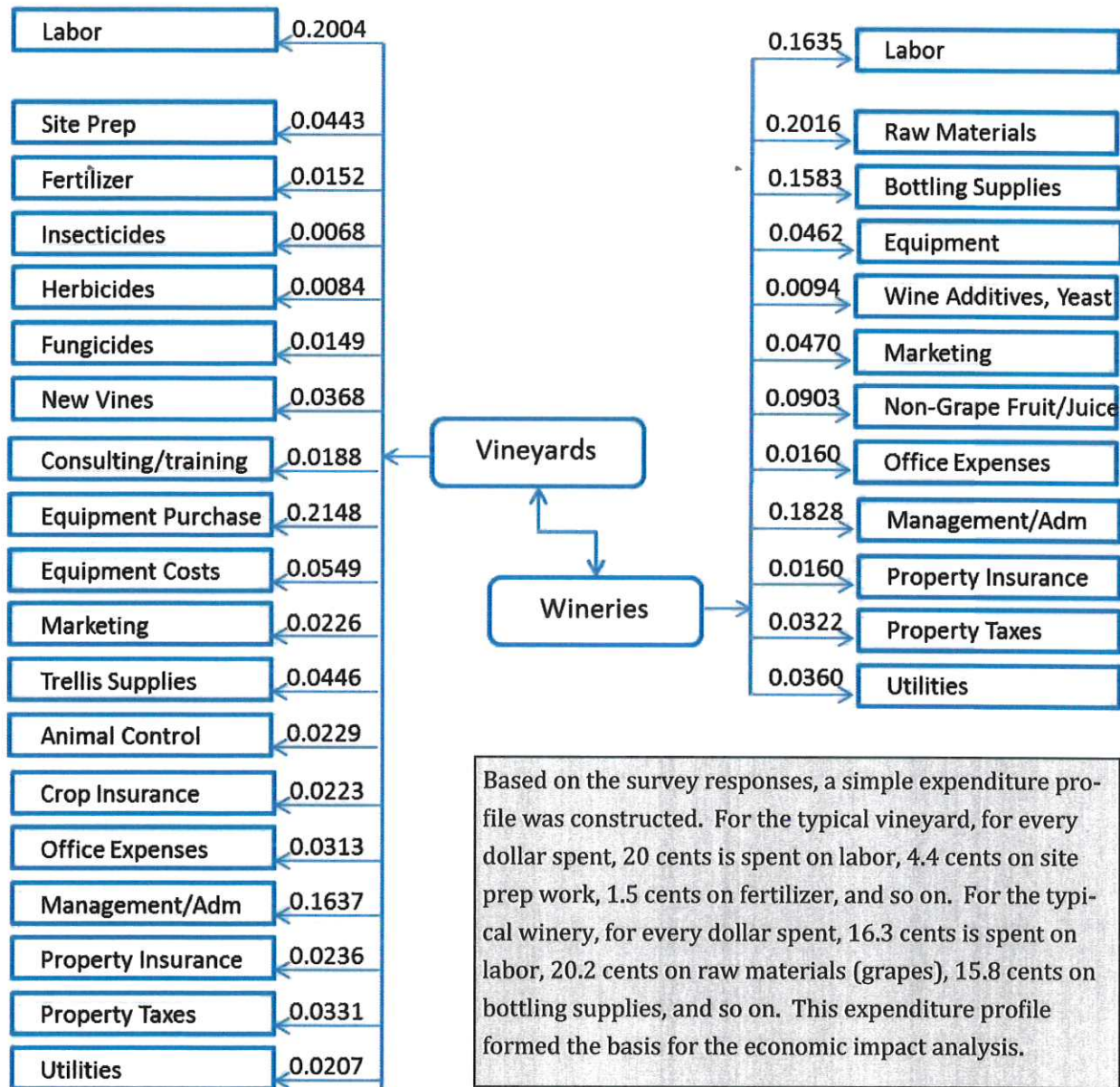
For the "typical" winery the four biggest expenditure categories are: (1) raw materials (grapes) at 20.2% of total expenditures, (2) management and administration at 18.3%, (3) labor at 16.4% and (4) bottling supplies at 15.8%. For the typical "vineyard" the biggest three expenditures are (1) equipment purchases with 21.5%, (2) labor at 20.0%, and (3) management/administration at 16.4%. Using this detailed expenditure data an assessment of the economic impact of the industry was possible.

The combined winery and vineyard industry cluster generated just over 700 jobs in the Wisconsin economy and \$151 million in industrial sales. This activity accounted for \$33.4 million in labor income (wages, salaries and proprietor income) and \$51.7 million in total income (labor income plus all other sources of income such as dividends, interest and rent). This activity also generated about \$8.9 million in state and local government revenues.

	Employment	Labor Income (\$000)	Total Income (\$000)	Industry Sales (\$000)	Total S&L Govt Rev (\$000)
Wineries	607	\$ 29,137	\$ 45,527	\$ 139,449	\$ 8,409
Vineyards	99	\$ 4,303	\$ 6,188	\$ 12,064	\$ 478
Combined	706	\$ 33,440	\$ 51,715	\$ 151,513	\$ 8,887

The economic multiplier range for from 2.328 for employment for the combined industry to 1.627 for industry sales. Consider, for example, a winery that increases production by \$2 million. Based on industry averages this winery would need to hire about six additional workers generating about \$400,000 in labor income. The total economic impact would be \$2m time 1.605 or about \$3.2 million in industrial sales, \$400,000 time 2.873 or about \$1.1 million in labor income and six times 2.419 or 14 jobs

Multipliers	Employment	Labor Income	Total Income	Industry Sales
Wineries	2.419	2.873	2.737	1.605
Vineyards	1.891	1.785	2.082	1.927
Combined	2.328	2.664	2.638	1.627



One of the limitations to this study is that we do not consider the impact of tourists that the industry attracts to Wisconsin. The "Wine and Cheese Trail" which is becoming an increasingly popular tourist attract is not considered.. The study also does not consider the expenditures associated with the construction associated with the building of new enterprises or the expansion of existing facilities. As such, the impact results presented here should be considered conservative.

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Senate Public Hearing
Senate Bill 311 Relating to: closing hours for retail sales by wineries

Dear Committee on Agriculture, Small Business and Tourism:

My husband and I purchased the well-established Autumn Harvest Winery in Chippewa Falls, WI 3 years ago. It sits out along the country roads amongst acres and acres of apple trees. Its beauty and tradition attracts families from all over Wisconsin as well as several states near and far. We offer perhaps something a bit different than just a winery, but an experience to travelers to explore our orchard, pick apples, take wagon rides and taste more than 12 varieties of wines and cider.

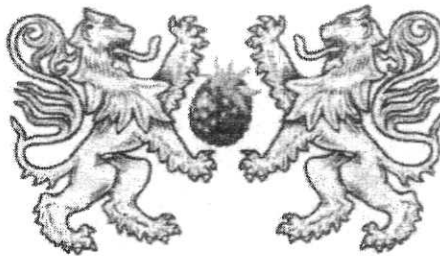
Over the past three years we continue to learn just what it takes to grow our business and what customers want. Thanks to the growing community and local businesses in Chippewa Falls, the demand for longer hours has become most evident. We are getting more and more requests to stay open later in the evenings, especially on weekends. We have had to turn down several requests for after hour gatherings as well as wedding opportunities and much more.

We firmly believe that with a retail hour extension for Wisconsin wineries that we can continue to improve agriculture, small business, and tourism in our lovely state. This not only helps us as owners, but satisfies customers and benefits the overall economy. Thank you for your time and consideration of this important issue facing small business owners in Wisconsin. We are proud to work in a state that has been fair and open to development of its wineries!

Sincerely,



Jean M McIlquham 6-27-17



Brambleberry Winery

N3684 Claire Road, Taylor, WI 54659 · (608) 525-8001 · www.brambleberrywinery.com · Chris and Sherry Hardie, proprietors

June 26, 2017

Attention: Senate Committee on Agriculture, Small Business and Tourism

As a Wisconsin winery, we fully support SB 311. We opened Brambleberry Winery in 2013 and since 2006 we have owned and operated Brambleberry Bed and Breakfast. We have held a restaurant license since 2009.

We plan to continue to grow our business by opening a wedding venue later this year. Giving wineries the flexibility to stay open until midnight is important to make this transition easier. Given the fact that we also hold a Class B beer license under which we can sell until midnight, it only makes sense to streamline the process. And we would still not be open until 2 a.m. as is the option for taverns.

More importantly for the state, this is an issue of economic impact and the opportunity for more positive growth for both small business and tourism.

No doubt you have heard or will hear from some members of the Tavern League that wineries have hurt their business and they are opposed to this proposal.

Let's be very clear – wineries and taverns can and should co-exist. According to the 2015 economic impact study done by the Wisconsin Winery Association, our state's winery industry brings in \$100 million each year to hotels and restaurants. In fact, customers who visit wineries spend nearly as much at restaurants and bars – \$72.39 per trip – as they do for wine purchased at wineries – \$75.82.

Some may say that allowing wineries to host weddings will hurt supper clubs or other venues that host receptions. Wineries are simply responding to the changing consumer trends. A 2016 survey done by the wedding website The Knot shows 48 percent of the couples said having a reception venue with a scenic backdrop or locale was a top priority and other popular non-traditional ceremony sites including beach houses, public gardens, wineries and museums is on the rise.

Another national wedding survey said that 63 percent of the brides in 2016 were having their ceremony and reception at the same place and time, up from 56 percent in 2014. Wineries are not responsible for loss of supper club rental business – that is the result of changing consumer interest. This is driven by consumers.

SB 311 will help eliminate an unnecessary government restriction that hampers the ability of the winery industry to meet customer demand. And of course, not every one of Wisconsin's 140-some wineries will host weddings or other events, nor will they stay open until midnight every day. But the change in law will help facilitate additional economic growth with jobs and more tourism spending – which is good for all Wisconsin business.

We thank you for this opportunity to provide this testimony and ask for your support of SB 311.

Sincerely,

Chris and Sherry Hardie

A handwritten signature in cursive script that reads "Chris and Sherry Hardie".

345 South Adams Street • Green Bay • WI • 54301
www.captainswalkwinery.com



920.431.WALK • 920.884.8277 FAX
888.431.WALK

June 27, 2017

We on behalf of Captain's Walk Winery stand in support of the winery hours extension bill. This bill would add to the the ability of this business to operate in a manner to achieve growth and financial success. Given the current restraints in our hours of operation this business has to turn away potential revenue from special events such as weddings, corporate outings and retirement parties.

Yours Sincerely,

A handwritten signature in cursive script that reads "Paul J. Koehler". The signature is written in dark ink and is positioned above the printed name and title.

Paul J. Koehler
General Manager
Captain's Walk Winery
pj@captainswalkwinery.com
920.227.8069

*We Are Passionate
About Great Wine!*

DANCING
DRAGONFLY
WINERY



2013 120th Avenue
St. Croix Falls, Wisconsin 54024
1-715-483-WINE
info@DancingDragonflyWinery.com

Public Hearing
Senate Committee on Agriculture, Small Business and Tourism
Wednesday, June 28, 2017

Written testimony on Assembly Bill 311
Submitted by
Dancing Dragonfly Winery
St. Croix Falls, WI

Chairman Moulton and Members of the Committee;

Thank you for the opportunity to provide written testimony on Bill 311, relating to closing hours for retail sales by wineries.

We STRONGLY SUPPORT the change in 125.68(4)(c)3m, extending the closing hours for retail sales by wineries.

There are four major reasons to support this bill:

1. Without a change in the law, wineries are at risk of not being a viable business. The wine industry in Wisconsin is growing, creating new jobs, additional tourism opportunities, and revenue for the state, especially in rural areas of the state. By extending the retail sales hours on winery premises, you are creating more jobs.

Due to other restrictions in the law, most wineries do not sell their wines outside of their premises. By extending the hours a winery is open, you are giving tourists and residents an increased opportunity to purchase our products, increased recognition of our brands, plus creating a tourism brand for our region.

Creating a vineyard and winery is a highly capital-intensive business endeavor, with an unusually long (if ever) period before the investment is repaid. For example, we began our investment in 2009, and have not yet made a profit in any year. We have to keep a vigilant eye on revenues and margins. The ability to extend hours will help make the business viable.

Most wineries in Wisconsin are owned and operated by families. We are small business owners, with a passion for wine and educating our customers on wine. Other businesses that sell wine do not share the panache and tourist draw of the wine experience.

2. Extending hours increases tourism. Wineries provide numerous benefits to our communities. They are a destination, bringing people from all over, especially from the Twin Cities into Wisconsin. By extending the hours, you give tourists more time to enjoy the area. That turns into more revenue for the state of Wisconsin and more jobs in the state, especially in rural areas.

Current laws limit tourist opportunities in the state of Wisconsin. Tourists come to wineries to experience a wine tasting, learn about wine, and see how wine is made. They will often purchase wine after their experience, reminding them of the afternoon they just spent in beautiful Wisconsin. They also find inns, B&Bs, and restaurants to supplement their visits. Often a wedding or similar event is their first introduction to the area.

3. Change will not hinder sales at other Wisconsin wine providers. Wineries do not compete in any significant way with tavern customers. Winery customers come to experience tastings, as a special experience, and sit by the vineyard and sip wine or to attend a wedding. It is about the serene and romantic experience for them. It is not about serious drinking. In fact, we discourage hanging out at our tasting bar, by not having any seating at the bar—our tasting bar is standing customers only.

Tavern customers visit taverns for different reasons. Taverns tend to be visited on a regular basis, more casually, and typically become a destination focused on sitting and drinking. Most taverns could not reasonably be considered a romantic or serene destination, or a place one would go to look at the scenery and slowly sip wine.

If you have not done so before, we invite the committee to visit a Wisconsin winery for a wine tasting, and experience the difference we are talking about.

*We Are Passionate
About Great Wine!*

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WINERY

2013 120th Avenue
St. Croix Falls, Wisconsin 54024
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4. Concerns raised by others in the alcohol industry are not valid. The purpose of a winery is not limited to producing wine. There is no authority or legislative history that states the purpose of a winery is to solely produce wine. On the contrary-- Wisconsin Statute 125.53 allows not only the manufacturing of wine, but also allows wineries to provide tastings and have retail sales, consistent with their tourism intent. Staying open past 9:00 pm does not change what the law already allows.

Wisconsin wineries do not sell their wine throughout the country in any material way. While it is legal for Wisconsin wineries to sell their wine throughout the country, it is practically impossible for this to occur. Even if wineries were selling wine throughout the country, it is not clear how this is relevant to extending the hours of operation of a winery.

Current laws are already different for wineries, taverns, and beer pubs. The assertion that wineries are asking for a major change in the rules to make the playing field unbalanced is a misleading exaggeration. Wisconsin Statute Chapter 125 is full of exceptions for all tiers in the alcohol business. Assembly Bill 286 is an effort to put wineries on more of an equal footing with other businesses.

Taverns believe wineries are their competitors, due to the fact that customers drink alcohol at both businesses. Wineries believe large hotels and convention centers are actually our competition (in our case, in Minnesota), due to space for weddings and special events. Does it really matter who the competition is? Almost every business in the United States has competition. It makes us better in what we do. Current law unfairly discriminates against wineries regarding how late in the day a winery can serve, and what can be served, when compared to large hotels, event centers, and convention centers. We are simply asking to be put on equal footing with others in the industry.

IN SUMMARY

Revenue to the state of Wisconsin, jobs to the Wisconsin citizens, and the viability of a growing tourist attractions will continue to be lost if AB 311 does not become law.

We are aware of the opposition presented by the taverns' lobbyists. Despite their fear about this, we are not the taverns' competition. Our competition is actually large hotels and event centers, not the taverns. The majority of wineries are actually in areas where large hotels do not exist, where the winery is the only option for special event, such as a wedding. Our winery, for example, is in a prime rural location to draw away higher-end wedding business from Minnesota's Twin Cities.

For most wineries, the extension in hours is NOT to keep our Tasting Room open into the night. Our biggest business opportunity is weddings and other special events. Our intent is not to be a bar, open late every night. However, to have the flexibility to stay open when the occasion warrants would be a valuable asset, for us, for the state of Wisconsin, and for Wisconsin's citizens.

Thank you for your consideration of these issues. We, along with wineries in Wisconsin, have made a large investment, both monetarily and emotionally, to create our winery and events. We hope you support wineries to be viable businesses.

Bill and Christine Bluhm, Owners
Dancing Dragonfly Winery, St. Croix Falls, WI
715-483-9463

DANCINGDRAGONFLYWINE.COM

Parallel 44 Vineyard & Winery

N2185 Sleepy Hollow Road

Kewaunee, WI 54216

920-362-1562

June 27, 2017

TO Agriculture, Small Business, & Tourism Committee

Re: Senate Bill 311

This letter is in strong support of Senate Bill 311.

Since we began our winery in 2007 and our second winery Door 44 in 2013, we have seen the importance of increasing our ability to sell the product of wine that we work so hard to grow, produce, and market.

The ability to sell more wine has and will lead to the continuation of us creating over 8 new jobs in our communities and generate thousands of tax revenues at the local and state level. Few industries impact our communities more, create as much local pride, and embody the American Dream as the small local winery.

Please support the bill and continue the great growth of this industry for our state.

Sincerely,

Steve Johnson
Parallel 44 / Door 44
Owner/Winemaker
920-362-1562



6/27/17

Wisconsin State Legislation

RE: SB311

Dear Hearing Committee, Rushford Meadery and Winery request your support of extending winery operating hour until midnight.

Occasionally we have events such as club meetings for bee keepers and homebrewers and they normally start around 7:00 PM with about 1 hour of business this leaves only an hour for socializing and then providing them the bums rush to get out before 9:00 is embarrassing to say the least.

We also plan on offering our facility for weddings and receptions and the 9:00 closing prohibits us from being a serious option for this type of event.

Sincerely

A handwritten signature in cursive script, appearing to read "Shane Coombs".

Shane Coombs

Spirits of Norway Vineyard

Drinking Wine With a Purpose

RANDY & SANDY LARSON

Vintners

22200 W. Six Mile Road

Town of Norway

Franksville, WI 53126

414.430.0128

www.spiritsofnorwayvineyard.com

June 26, 2017

Wisconsin Legislature

Madison, WI

RE: Senate Bill 311

Dear Sir or Madam,

As a winery owner in Racine County, Wisconsin, I am in favor of the Hours Bill.

I am unable to attend in person, but please document my support of this important piece of legislation for Wisconsin Wineries.

Thank you,



Sandy Johnson Larson

Spirits of Norway Vineyard LLC

22200 W 6 Mile Rd

Franksville, WI 53126

414-430-0128

sandy@spiritsofnorwayvineyard.com



"Where The Grapes are Estate Grown and The Wine is Award Winning"

6-27-17

I am writing to support the extension of hours for wineries in Wisconsin.

We are a family owned winery in Brown county that would benefit from extended hours in many ways.

We host weddings here and by having the 9pm cutoff it limits the number of parties who are willing to hold their event here due to the time constraints.

We rent out the winery for private functions such as dinners and corporate meetings and the limited hours stops many people who would like to rent but will not due to the 9pm closing time.

Please vote in favor of the extended hours for wineries, it would greatly help our business to prosper even more.

Andrea DeBaker
Owner
Trout Springs Winery

A handwritten signature in black ink that reads "Andrea DeBaker". The signature is written in a cursive style.

Trout Springs Winery
8150 River Rd. Green Leaf, WI. 54126
(920) 864-7761 (920) 864-7337-Fax
www.troutspringswinery.com



Clay Jar Holdings, LLC

17135 W. Bluemound Road, Ste H
Brookfield, WI 53002

June 27th, 2017

Sen. Terry Moulton, Chair, Sponsors and Co-Sponsors
Senate Bill-311

Dear Senators,

It is imperative that SB-311 extending the hours of operation for wineries and other craft beverage businesses be passed.

Here, at Water 2 Wine, we depend significantly on the ability to act as a venue for parties of all types. In order to offer customers a venue where they can host events that will continue beyond our normal business hours, we must have the ability to all patrons to stay beyond the 9:00pm required closing time when needed.

We frequently run into situations where we have had to warn patrons as the party was booked and then again during that party that they must vacate the building by 9:00pm. This repeatedly puts us in a situation where we lose business that we may have otherwise had as people socialize during the event.

Passing this bill will in no way compromise Wisconsin's position on drinking and driving as our particular industry pays close attention to people who may become impaired and control that situation as much as possible.

Please impress upon the rest of the Senate and the House that businesses such as the craft beverage industry bring much value to the Wisconsin economy both in sales and appeal to persons out the state.

We need your support in getting SB-311 passed.

Sincerely,

Mr. Larry J. VanHoveln
Owner/Managing Member
Clay Jar Holdings, LLC d/b/a Water 2 Wine-Brookfield
P: 262.78.4WINE (9463) C: 414.698.1902
Email: Larry@Water2Wine.com



water2wine/milwaukee



water2wine_mke

On the web at: www.water2wine/milwaukee/home