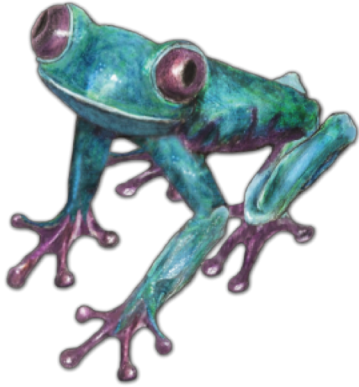


Kentucky Wineries Association 2019 Legislative Agenda





Purple Toad

W I N E R Y

Allen Dossey

- Head Winemaker, Co-Owner
- KWA Board Member
- 2017 INDY International Wine Competition Winemaker of the Year
 - Eastern US's largest competition - 42 states, 14 countries over 2000 entries.
- Purple Toad Winery – Kentucky's Largest Winery by Volume
 - ~35% of Kentucky's Total Wine Production
 - Produces 42 Wines in total.
 - Distributes in Kentucky, Tennessee, Indiana, Illinois, and Ohio.
 - Expanding to Missouri and Alabama subject to gallonage limit increase.



What's in a Bottle of Wine?

\$1.1 Billion!

The Wine Industry Boosts the Kentucky Economy

\$1.1 Billion
Total Economic Impact

75 Wine Producers
in Kentucky

154 Vineyard Acres

10,054 Jobs

\$351.6 Million
in Annual Wages

86,258
Tourist Visits

\$35.4 Million
Tourist Expenditures

\$123.9 Million
Total Taxes

\$68.1 Million
Federal Taxes

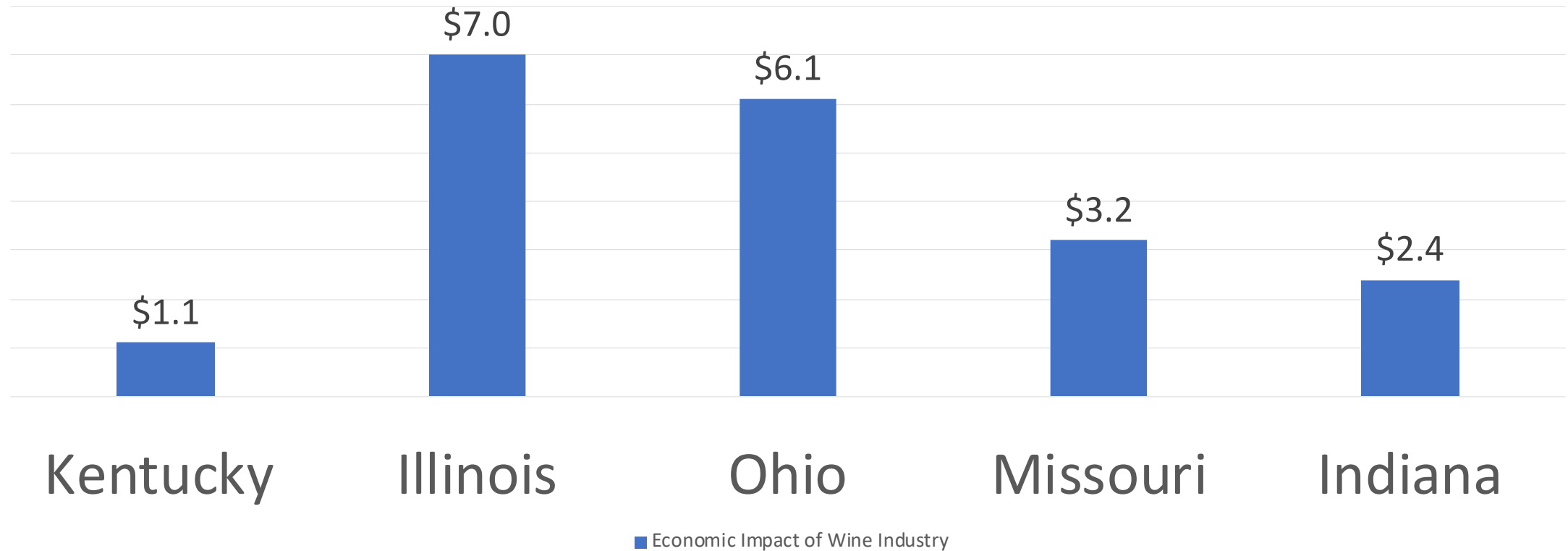
\$55.9 Million
State and Local Taxes



2017 Economic Impact Report on American Wine Industry
Prepared by John Dunham & Associates, New York
For methodology or additional information visit wineamerica.org
Photos by Randy Tagg, Design by Book Marshall
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Comparing KY's Wine Industry to other States

Economic Impact of Wine Industry (In Billions of \$)



Strengths and Benefits of KY Wine Industry

Increased
Agri-Tourism

Improving
Skills in
Winemaking

Diversification
of Capital

Creates jobs

Pays excise Tax

Hitting niche
market in
wines.

Challenges of KY Wine Industry

Production Limits

Distribution
availability

Vineyards need
more education
support.

Lack of Marketing,
and Development
Support

Stigma that only
California wines
are quality wines.

Limited support of
industry prevents
passing of business
down to family.

Why not have a KY Winery License vs. a KY Small Farm Winery license?

- A KY Winery License does not allow:
 - On-premise tastings.
 - On-premise consumption.
 - On-premise sales of bottles or cases.
 - Tastings and sales at fairs, festivals, and events.
- On-premise tastings offer customers the ability to try the product, a major stimulus to sales through on-premise and distribution.
- Loss of tourism and tourism revenue to local economy.

Kentucky Winery Association

2019 Legislative Agenda

- 1. Raising the “Small Farm Winery” gallon limit to 500,000 from 100,000. (Indiana’s limit is 1,000,000, and Ohio, Missouri, and Iowa limits are 500,000)**
- 2. Amending KRS 243.884 (3) (b) to clarify: the Wholesale Tax exception “would apply” to the first 50,000 gallons for a “Small Farm Winery” that produces between 50,000 and 100,000/500,000 gallons. Retro date of 1-1-2017. The tax prohibits winery growth over 50,000 gallons.**
- 3. To allow a “Small Farm Winery” to open at 11:00 on Sundays, restaurants are currently allowed. (Current KRS 243.155 (3) sets 1:00 pm as earliest opening time for all KY wineries.)**
- 4. To allow a “Small Farm Winery” that produces and sells less than 50,000 gallons, the ability to self-distribute their wine. (15 States currently have such a program.)**
- 5. To utilize 4 percent of the wholesale excise tax of all wine sold in KY, to fund the KY Wine Council, KY State Enologist, KY State Viticulturist and a Kentucky Wine Marketing program. (Multiple Successful Wine Producing States have similar programs)**

Farm Winery Production Limits

- **Kentucky – 100,000 gallons**
- **Indiana – 1,000,000 gallons**
- **Ohio – 500,000 gallons**
- **Missouri – 500,000 gallons**
- **Iowa – 500,000 gallons**

Sunday Winery Opening Times

- Kentucky – 1:00 pm – 10:00 pm
- Missouri – 9:00 am – 10:00 pm
- Illinois – 11:00am – 10:00 pm
- Tennessee – 10:00 am – 11:00 pm
- Indiana – 10:30 am – 11:00 pm

Winery Self Distribution for Small Farm Winery

- Kentucky – Does not allow
- Missouri – Allows – No limitation
- Ohio – Allows – Produce less than 250,000 gallons
- Illinois – Allows – Produce less than 25,000 gallons
- Iowa – Allows – No limitation
- Indiana – Does not allow
- Michigan – Allows – No limitation
- Minnesota – Allows – produce less than 50,000 gallons
- Nebraska – Allows – produce less than 30,000 gallons

- Supporting data is available at request.
- Contact sales@purpletoadwinery.com
- Allen Dossey cell – 270-519-9933