

Larry Robertson  
November 10, 2023

Economic Affairs Interim Committee  
SJ30 Interim Study on MT Viticulture

Mr. Chairman and members of the committee,

I retired from USDA/NRCS in 2019 after over 36 years serving Montana agriculture, half of that time in Ronan specializing in orchards and vineyards across western Montana. Right before I retired, the 5<sup>th</sup> Annual Grape and Winery Conference was held in Helena in March of 2019 with Keynote speaker Michael White, Iowa State Extension Viticulture Specialist. This is Michael’s conclusion in an article he wrote after the conference in Wine Business Monthly March 2020 “Montana Wine Industry Starts Its Expansion”:

## Conclusion

New and improved cold-climate winegrape cultivars over the last 20-plus years have ignited an immense growth of local vineyards and wineries across the cold-climate states. Montana, with its mineral soils, dry climate, scenic views and many microclimates, is beginning to see the growth in its local wine industry. It takes some time to get all the major players—growers, winemakers, government, universities and the wine buying public—on board, but I believe that Montana now has all these players on its team. Their local cold-climate winegrape industry should grow dramatically over the next decade.

For the past 20 years, I have watched the cold-climate winegrape industry expand in all the Upper Midwest states. When a few good producers deliver high-quality wine from well-grown winegrapes, the rest of the industry starts to step up. The Montana cold-climate winegrape industry has been simmering for the last five years, and I believe production in the state is about to expand rapidly.

Here are some of the attributes I think will fuel this expansion:

1. A semi-arid climate that deters fungus diseases.
2. Excellent water resources for irrigation.
3. A variety of well-drained mineral soil associations well adapted to cold-climate hybrid winegrapes.
4. Overall growing season temperatures and length similar to much of the North Central states where cold-climate hybrid winegrapes flourish.
5. A variety of micro-climates that provide those warm days and cool nights that enhance the production of intense flavor compounds.
6. A strong national and international tourism industry.
7. A deep basket of cold-climate hybrid winegrape cultivars available now, with more to come.

– *Michael L. White*

**by Michael L. White**

Michael L. White retired from Iowa State University Extension & Outreach on July 1, 2019. He served as their viticulture specialist and worked closely with ISU MWGWII (Midwest Grape and Wine Industry Institute).

## Montana's Cold Hardy Grape Timeline

The following 20-year timeline covers some of the work accomplished on cold hardy grapes leading up to SJ30 proposed legislation supporting local agricultural production of wine.

- (1985) Dudley & Ann Page Vineyard planted on Finley Point, Flathead Lake. As more cold hardy grapes continued to be developed and became commercially available, more pioneering viticulturalists have braved Montana's climate to help make Montana the last frontier, again.
- 2003-2007 I developed the NRCS Flathead Lake Orchard Initiative with \$240,000 to improve irrigation and crop management for orchards, vineyards, and other fruit.
- 2005-2010 NRCS expanded cold hardy grape assistance throughout western Montana working with several vineyards.
- 2011-2014 Montana cold hardy grape variety trials begin with 10 vineyards across western Montana. Vineyard tours with NDSU and Cornell assistance on grape varieties and vine management requirements piqued interest in growing grapes across Montana.
- 2011-2016 The Northern Grapes Project, funded by USDA, pulled together 11 Midwest and Eastern northern tier states for a cooperative research effort that helped facilitate development and expansion of the cold hardy wine industry in the US.
- 2014 The Montana Grape and Winery Association was established and the 1<sup>st</sup> Annual Montana Grape and Winery Association (MTGWA) Conference was held the following year in 2015. Flathead Lake Vineyard & Winery took over management of the Page Vineyard.
- 2015 VitiNord, only the third tri-annual international cool climate grape conference, came to the USA for the first time at Nebraska City. A lot of Montana grape growers and winemakers were at this conference. A cooperative project between NRCS and MT Extension organized a poster session Larry Robertson presented at the VitiNord conference, signaling Montana's official entrance into the cold hardy wine grape industry.
- 2016 I wrote the first USDA Specialty Crop Block Grant on behalf of the Montana Grape and Winery Association that was awarded to WARC to start work developing the foundation for cold hardy grape research in Montana.
- 2016 Wine Diamonds, a film about Midwest vineyards diversifying farms and changing the landscape. New cold hardy wine grapes are bred to withstand cold winters as low as 40 below zero. The following link is a three-minute movie trailer clip- <https://youtu.be/o1weXxuM-4Y>
- 2019 Second USDA Specialty Crop Block Grant awarded to WARC.
- 2019 66<sup>th</sup> MT Legislature- MT Agricultural Tax Exemption legislation was introduced that could hurt hundreds of small agricultural producers across Montana. After more than 20 specialty crop fruit producers packed the hearing room, the bill was tabled, and the MT Agricultural Tax Exemptions rules remain virtually unchanged.
- 2021 67<sup>th</sup> MT Legislature- Manufacturing Winery legislation failed. Changes to the only winery license available in Montana were not practical due to the existing, diverse winery business models.

2023 68<sup>th</sup> MT Legislature- SB527 Farm Winery bill failed. HB783 Allowing bottle sales at 12 special permits passed. SJ30 Study of MT Viticulture passed. SJ30 studies agricultural wine production and licensing of MT grown wine, without changing current winery licensing.

The Western MT Agricultural Research Center (WARC) has built the foundation to partner with vineyards and wineries growing the industry. We need support from the state to continue and expand services from western Montana to the east, down the Yellowstone Valley. University research and state support is critical to growing a vineyard/winery industry in Montana.

The Montana Department of Agriculture has had a large impact on where the MT grown wine industry is today. Through Specialty Crop Block Grants to WARC and grants supporting MTGWA conferences bringing in speakers from across the country. Presentations on soils/fertility, site and variety selection, vine management, wine production, wine evaluation and more have helped move our young industry on a path to succeed. Specialty crop and other Ag based grant's major purpose I believe is to help start or expand an industry that provides economic benefit to rural communities and the state.

Of the 25 licensed MT wineries ABCD listed in their report, 8 or one-third use some Montana grown grapes in wine production. Several wineries often compete for the same limited amount of Montana grapes available. Increasing MT grown wine production keeps more dollars at home and increases tax revenues to Montana.

**Farmers Market Permits-** Allow all wineries to attend farmers markets to sell MT grown wine in sealed bottles. Requires documentation of farmers market booth rental. Wineries must list MT grown wines they have available for sale at the market on the permit. Local ordinance and/or farmers market policy shall dictate if small samples are allowed to be served. The number of farmers market permits should be based on the size and ability of individual businesses to participate, not on an arbitrary limited number of permits other Ag businesses are not limited by.

Farmers market access incentivizes vineyard production operations that sell grapes to wineries by assuring a market and way to build their customer base for their MT grown wines. Customer wineries can help build and maintain their customer base further by selling to those farmers market customers during winter months.

**Farm Winery License-** Allow farm wineries with 3+ acres, 1200 minimum vines of producing wine grapes:

- 1) A license that comes with two sample rooms that only allow tastes and bottle sales. These small footprint tasting rooms are common in Washington where the average visit is 13 minutes with an average sale of \$269.
- 2) A separate endorsement would be available for a full-service tasting room with entertainment, food, etc., to take the place of one of the two bottle sale only sample rooms.

A Farm Winery could also be licensed to sell juice, finished bulk wine or shiners made from MT grown grapes and fruit to other Montana wineries. Many other states allow flexible state grown wine movement within their state.

There are several different business models for MT grown wineries in Montana due to vineyard and/or winery size and location, legislation should be simple and based on agricultural production. Wineries already have a self-distribution law to self-distribute up to 4500 cases, we need to be able to fully utilize this to build a customer base and gain brand traction for Montana grown wines before fully entering the distribution chain.

## **Economic Impact of 200 acres of new vineyards in Montana**

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If 200 acres of new wine grape acres become available to Montana wineries, and they used them all and had average crops, these figures suggest to me that we'd be selling closer to 3.5% of the total wine sold in Montana, well above the current estimated 0.25% of the Montana grown share of wine sold.

With 200 acres @ 3.5 tons per acre = 1,400,000 pounds = 107,692 gallons = 538,462 bottles @ average \$25/bottle = **\$13,461,550**. (538,462 bottles = 403,846 liters which, divided by total liters sold in Montana: 112,545,611, is 3.58%.) Multiply \$13 million several fold with ancillary economic development and that's a great goal for now!

### **Quick examples:**

Minnesota has 80 farm wineries with about 250 acres planted to grapes in 2021.

Iowa has about 100 wineries, 250 vineyards covering 1300 acres and supports 2600 industry related jobs with a \$420 million economic impact.

Missouri has more than 130 wineries with 1,700 acres of grapes, and 9 different unique wine trails capturing tourist dollars.

Wisconsin has more than 100 local wineries with over 1000 acres of vineyards.

Indiana grew from 9 wineries in 1989 to 118 today covering 600 acres of vineyards. Indiana estimates locally grown wine generates an economic impact of \$600 million, sustains 4,000 full-time jobs, and pays 37 million in state and local taxes and 38 million in federal taxes.

Locally grown wine industries in the Midwest return hundreds of millions of dollars in direct and ancillary economic benefits to their rural communities and state. Montana is known as a destination state drawing tourists from around the world to its abundance of natural beauty and outdoor activities. Imagine vineyards and wineries attracting attention, increasing visitor days which account for many more dollars spent enjoying Montana!

**Montana does have the prime growing sites for hundreds to a few thousand acres of vineyards across western Montana and down the Yellowstone. Montana likely has more prime cold hardy grape growing areas/sites than most Midwestern states have growing now.**

The main wine grape producing areas in Montana most likely to become American Viticultural Areas, AVA's, are-  
Tobacco Valley- Eureka Area  
Flathead Lake  
Glacial Lake Missoula- south of Flathead Lake, lower Clark Fork to the Bitterroot  
Yellowstone Valley- Big Timber to Miles City and down the Clark's Fork and other drainages with room for 1-2 AVA's.

This is rural economic development, with great potential for ancillary economic development on a wider scale, with great benefit to the Montana economy moving forward.

Thank you,

Larry Robertson  
Flathead Lake Vineyard & Winery  
President, Winery Association of Montana, WAM