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To: Montana State Legislative Interim Committees  
Economic Affairs Committee  
Re: SJ30

Mr. Chairman and committee members:

First, foremost, and at every point forward, *Montana Wine* should be *Montana Grown* wine and recognized as a Montana agricultural product. Producers, distributors, retailers, and consumers, as well as bloggers, journalists and connoisseurs understand and recognize wines by their grape varietal and the location of the vineyard producing them. It is inaccurate to regulate a Montana wine industry from the sale of the wine backward, toward the vineyard. The entire industry must begin with the ag production.

Larry Robertson has itemized seven points to address.

- 1) Montana agricultural workman's comp is cost prohibitive and far too excessive to apply to the actuality of risk of injury in a vineyard. There is no livestock, nor hazardous, heavy equipment. There is little risk of injury at all. As Mr. Robertson mentioned, it is an easy fix.
- 2) The MSU Western Ag Research Center, due to so much pioneering in Montana vineyards, has taken 10 years to understand the research needed in Montana. It has taken several years and a myriad of opinions from within the industry to put the right people in place. Giving them the statewide support of Montana's legislators and stakeholders will incentivize what I anticipate being volumes of practical and applicable information in the very near future.
- 3) Farmers Markets are a notably productive means for small producers to get a foothold in their respective markets. Consumers expecting to find the ag connection to what is a Montana wine are best reached through the "hand sale" from the grower/producer directly.
- 4) The current Montana tasting room concept is a wine bar. Montana wineries are allowed to import finished wine as internal production without limits. Sales to the consumer may be conducted by the glass, from 8:00 AM until 2:00 AM, every day. The only limitation to this model is that the products sold must come exclusively from the winery's production. As we established, production may be entirely imported. This is the definition of a wine bar.

In each Montana county, the departments of sanitation, health and human services, and roads must enact consumer protections for any business that serves full portions of alcoholic products, in open containers, tableside, and often with food. The regulations regarding traffic impact, driveway approach, parking, ADA accessibility, bathrooms, and foodservice must rise to the level of a wine bar.

As an ag product, complete with strict ag requirements for production, Montana grown wine could be sold directly to the consumer, from the farm winery, in sealed packaging, for offsite consumption. Consumer visits would be short with low impact negating the need for wine bar business protections. Requiring that no fee is charged to the consumer for any tastings, imposes inherent controls on modest tastes to initiate the sales. This is the most successful method of consumer engagement with a vineyard/winery seen in wine growing regions around the world.

- 5) Establishing and developing a vineyard/winery of a scale and scope to be economically sustainable is expensive when compared to typical business start-ups. The development period to reach profitability is most often more than ten years. Combine this with the risk of uncertainty in growing wine grapes in Montana, and the absence of available crop insurance, and you will find

conventional financing to be impossible. Perhaps state supported loan programs will be a solution.

- 6) Vineyard work has a level of required skill. Willow Mountain Winery is currently spending \$20 - \$25 per hour for vineyard labor. At full capacity the demand from the vineyard will total 225 hours per acre resulting in a cost of approximately \$90,000 annually. Currently the majority of this is going to out of state labor contractors. Although a rapid development of an in-state vineyard labor pool is not anticipated, developing viticulture and enology programs, be they certifications or full degrees, will germinate a larger labor crop in the future.
- 7) Sanitation issues have two singular categories.
  - a. We already discussed the sanitation conundrum of the wine bar business model. An effective solution is found in simplifying the tasting room on the farm.
  - b. Sanitation regarding wine production is inconsistent among counties across the state. There are well established histories from several states and countries which provide examples of consistent and effective applications of sanitation regulations. Essentially water and sugar are the issues.

Much of the water volume, used almost entirely for cleaning, in a farm winery may be offset by the significant irrigation water savings in establishing grapevines as a commercial crop. At Willow Mountain, we converted a twenty-acre hay field wheel line to a twenty-acre vineyard drip line decreasing our irrigation from 135 gallons per minute to 15 gallons per minute throughout a season-long flow.

The sugar issue in waste from wine production is the result of beginning with the raw grapes. This process incorporates no cleaning chemicals. High pressure, hot water is the only effective method to cleaning during wine making. Consequently, the waste is simply grape skins and seeds. If allowed to use this byproduct as compost, the remaining water is easily handled with a simple drain field. A statewide standard would be helpful.

Your time and attention to this budding industry's obstacles is greatly appreciated.

Respectfully,

Brian McGuire