

Opportunities for Montana's Cold Hardy Wine Grape Industry

Since starting wine grape variety trials in 2011, Montana's steady path towards a viable locally grown wine industry keeps growing. Several new cold hardy grape varieties have been released over the past 20 years that are helping lead Montana grown wine development.

There are roughly 60 to 70 acres of Grapes across Montana with a few larger vineyards that can adequately supply a Montana Grown winery. Business feasibility requires a minimum of 5 to 7 acres of grapes if you add value through a winery, 20+ acres are necessary if you are just selling grapes to wineries.

The supply of quality Montana grown grapes is the main limiting factor in developing Montana's wine industry. Many sites in Montana ripen grapes less often than is required for a sustainable winery business, vineyards need the ability to ripen grapes at least 8 or 9 years out of 10. Grapes will grow almost anywhere in Montana, but only prime areas or sites will have the ability to ripen them enough for a viable commercial winery. Montana has a short growing season in the west and somewhat mild winters, a longer growing season but colder winters prevail down the Yellowstone.

Legislation should focus on commercial production large enough to sustain a small family business of 5+ acres. Smaller vineyards help supply limited quantities to some wineries but do not have the direct economic impact larger operations have. Entry level winegrowers could also have incentives to grow larger, but likely not without the development of a larger vineyard/winery industry.

Opportunities to encouraging a viable vineyard/winery industry and increasing the supply of Montana grown grapes includes:

1. Work Comp rates with farm/ranch code 0006 are 4X that of other states that use a farm/vineyard code 0079. Brian McGuire, Willow Mountain Winery, pays a work comp rate of 11.76% compared to a 3% average in other states.
2. Support the MT grown wine industry focused research at WARC encouraging expansion of vineyards and wineries in Montana. With the planting of the first WARC research vineyard almost 10 years ago, grapes and other specialty crop fruits have revitalized the MSU experiment station in Corvallis. After completing two USDA Specialty Crop Block Grants WARC now has two viticulturists on staff and is constructing a new lab building to help support their expanding specialty crop program.
3. Allow wineries to sell 100% Montana grown wine at farmers markets to help build their local customer base. Establishing vineyards to sell grapes to Montana wineries, who can access farmers markets, creates a local market for wine grapes. HB783 with 12 special permits allowing bottle sales helps many wineries but does not facilitate building a large enough customer base to incentivize larger vineyards and vineyard/wineries.
4. Allow a Farm Winery with a minimum of 5+ acres of grapes two tasting rooms, one full-service (food, entertainment, etc.), and one tastes and bottle sales only. Most vineyards in favorable grape growing areas are rural and not easy to get to, others have built up subdivisions around them not wanting music and an event center next door. Besides some of these problems Willow Mountain Winery has encountered they would also need to upgrade the county road leading up to their winery to have a full-service tasting room. Investing in a vineyard winery requires the ability to open at least one full service tasting room. Wineries that offer locally grown wine experience around a 6 to 1 preference over out of state wines.
5. Financing through Banks and FSA is currently not available due to a lack of crop insurance on cold hardy grape production in Montana. A state revolving loan fund could help and should require that

grapes produced here be processed in Montana. Montana vineyards need to report acreage and yields to FSA to start building the required documentation supporting a crop insurance program in Montana.

6. Access to labor- vineyards require up to 750 hours of labor/acre. Currently pruning crews from Oregon are used at Willow Mountain Winery with labor costs about \$60,000/year on their 20 acre vineyard. Bitterroot Community College is interested in developing a viticulture course to offer, it can be inspired by a prime grape growing area with vineyards and wineries along with WARC in Corvallis.

7. Sanitation and Building requirements for vineyard (manufacturing) wineries are unreasonable and inconsistent between counties. One problem is that winery waste is classified as *Industrial Waste* making it virtually impossible to set up a large manufacturing winery downtown. Montana code allows only one tasting room attached to the winery restricting vineyard/winery access to most cities' downtown business districts. This discriminates against vineyard wineries and supports the need to allow two tasting rooms for wineries based on Montana agriculture. Note: The MT Public Health and Human Services has shown interest in looking at the sanitation issue statewide.

The Montana Farm Bureau and Montana Farmer's Union have official policy supporting vineyard production and value-added wineries. This is an agricultural issue, vineyards can help diversify Montana's farms, allowing young farmers the opportunity to have a sustainable income back on the family farm.

Passage of HB783 allowing sale of sealed bottles at 12 annual special permits will help many wineries, especially smaller wineries in the state. Larger vineyard wineries with high labor and production costs need more avenues building their customer base to gain consumer traction and justify million dollar plus investments.

SJ30 recognizes the diverse need for Agriculture, Revenue and Commerce to come together with the MT grown wine industry to benefit Montana's economy. Benefiting from a locally grown wine industry is contingent on incentivizing and increasing wine grape production. Because of the additional costs and risks of grape production in Montana, MT grown wineries need ways to sell directly to the consumer, just to survive. It should be easier to sell this value-added Montana agricultural product to the public.

It's difficult enough raising Grapes in Montana, you do need a very good site to ripen grapes properly at least eight or nine out of 10 years. Grapes will grow almost anywhere in Montana, but only prime areas or sites will have the ability to ripen them often enough for a viable commercial winery. A modest goal of 200 acres of new vineyards in Montana could supply grapes for 25-30 new wineries. SJ30 can help open this potential for Montana's agriculture and rural communities that would be a positive step forward.