



To: House Committee on General, Housing and Military Affairs

RE: H.710 - An Act Relating to Beer and Wine Franchises

7 February 2018

The Vermont Grape and Wine Council would like to submit the following testimony regarding H. 710.

In general, our members philosophically feel that the State should not have undue control over a business relationship between two private entities. There are very few examples where such a relationship is mandated between two parties by statute, and there is good reason to further pursue this bill.

Most of our members who use distribution have good relationships with their distributors. However, in some cases wineries have withdrawn from their relationship through mutual agreement, and in other cases they had to fight to be released. Several decided not to enter into the distribution system solely because of the forced relationship. A poll of our members indicates that should this bill pass, most will remain with their current distribution because they are satisfied with the service provided. However, nearly all expressed concern that non-negotiated and binding restrictions placed on them by the State are unfair.

From a Vermont producer perspective, there may be appropriate volume or sales limits that can be applied to meet the needs of the distributors and give small producers the flexibility to change their business model without incurring the legal fees or time necessary to move their business from a relationship that is not mutually beneficial. It is often in the first few years of exploring the market that a winery will find out which products are working and which sales channels are appropriate for their business.

Vermont currently licenses 27 wineries throughout the State plus an additional 23 meaderies, cideries and fruit wine producers that fall under this category. Together we employ over 200 full time equivalents and serve over 100,000 visitors annually in our tasting rooms and at events.

Our businesses pay sales tax, use tax, alcohol tax, excise tax and employee taxes, generating revenue for the State. In addition, we have cultivated hundreds of acres of grapes, apples, fruit trees and honey, bolstering our agricultural economy.

Thank you for your work on this matter.

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