



Vermont Grape and Wine Council/Stella14 Wines presentation for the

House Committee on Agriculture and Forestry

# Investing in Vermont Viticulture

# Why do we need the support?

- Viticulture start up costs are prohibitive for young farmers
- Return on investment takes several years, thus loans and outside capital are difficult to justify/repay
- Once established, vineyards can provide the greatest return on investment as a value-added product
- By contributing to start-up costs, grant funds would allow viticulture to become established as a flourishing aspect of Vermont's agricultural and tourism landscape
- Vermont is on the precipice of becoming an important wine region, but there is no infrastructure, nor influx of capital

## What could be done with \$250,000, divided amongst growers?

- Installation of 25 acres of vines with trellising
- Result in \$1M in wine in 3-4 years, tax revenue to the state and substantial increase in tourist traffic
- Truly get forward momentum in an industry that could be critical for Vermont's agricultural future
- Contribute to the cost of winery equipment and production costs



## Other recent examples of support for vineyard/winery development

- New Mexico Vineyard Restoration Fund (\$1M)
- Ohio Vineyard Expansion Assistance Program (\$3k per acre)
- Colorado Wine and Grape Industry Processing Grant (\$250K)
- NY Wine and Grape Foundation Global Reach grant (\$1M)
- British Columbia Enhanced Replant Program (\$70M)

# Challenges:

- Vineyard establishment is expensive re: up-front costs
- Return on investment takes 3-5 years to even begin
- Lack of infrastructure
  - Equipment
  - Co-packing/Production space
- Limited trained labor
- Unique and evolving viticultural techniques in our growing region







## Let's look at the financials...

- A Five Acre Vineyard:
  - At full production can yield (on the average to low side) 2 tons of grapes per acre
  - 10 tons of grapes = 1500 gallons of juice = 625 cases of wine
  - At \$20/btl (low for Vermont wine right now) this would be \$150,000 in revenue
  - With a tasting room and wine flights, that becomes \$275,000 or \$300,000 with full glass pours





# Current state of the industry

- Vermont currently has ~170 acres planted to grapes
- Around 28 wineries
- Strong focus on Organic/Regenerative/Biodynamic farming



# Quick comparison with national statistics

## United States

- \$8.15 Billion tax dollars in State and Local taxes\*
- \$16.69 Billion in Tourist Expenditures
- All 50 States produce wine

\*Consumption taxes, which account for state and local sales taxes as well as excise taxes that apply to specific retail services

## Vermont

- \$21.3 Million in State and Local taxes
- \$837,300 in Tourist Expenditures (0.005% of national total)
- VT lower than any state in tourist \$ other than Hawaii, North Dakota, Wyoming, Montana, Mississippi, Rhode Island, and Delaware



# Press has been outstanding

- Alice Feiring: A Scene Grows in Vermont
- The Manual: Is the Future of American Wine... Vermont?
- Travel and Leisure: How Vermont Became New England's Natural Wine Destination
- New York Times: How the Most Delicious Wines Stay True To Themselves
- MANY MORE







## What we grow:

- Vermont's wine industry thrives on hybrid grape varieties
- Majority developed as crossings of *Vitis vinifera* and numerous other *Vitis* species bred for their cold-hardiness and resistance to disease
- [Why Hybrid Grapes Could Be the Future of Wine](#), Wine Enthusiast
- [Are Hybrid Grapes the Future of Wine?](#) Smithsonian Magazine



# Why Vermont and Why Now?

- Developments in hybrid grapes varieties
- Desire for new and exciting wines in younger generations
- Focus on sustainable and thoughtful land stewardship
- More demand than supply





# Developments occurring right now:

- Slow vineyard expansion
- Expanded national/international presence
- Champlain Valley AVA in progress
  - American Viticultural Area





# Value-added product

- Grape sales in Vermont are on-par with premium grapes in many other regions, including such elite regions as the Willamette Valley in Oregon and Sonoma in California
- As a value-added product, the viability increases exponentially
- Unlike so many other beverages, fully agricultural product





# Some other benefits:

- Carbon sequestering— studies currently show that untilled land focused on regenerative agriculture has tremendous effect on carbon sequestration
- Vines are viable (and in fact thrive) on soils that would be considered less than Prime Farmland
- Multi-use possibilities (sheep!)
- \$\$\$ for the Vermont economy from the product itself, the agro-tourism aspect, and the development of otherwise unused land
- Huge potential for job development and sector growth







# Climate Change

- Hybrid varieties much better adapted for a changing climate
- Currently seeing producers in much more established regions starting to experiment and take notes from the Vermont playbook– CA, France, etc.
- Vermont well positioned to be resilient and versatile as climate continues to get more changeable

# The future is bright...

- Vermont wine culture is simultaneously old (attempts at viticulture date back to Samuel de Champlain's era), and brand new (the first two commercial vineyards were planted in 1995)
- Agriculture is the backbone of Vermont's cultural landscape and viticulture has the potential to keep that tradition progressive and exciting without changing the ethos of the state
- With the focus on regenerative agriculture, organic farming, and no-till viticulture that encourages carbon sequestration, grape growing for wine production is in line with environmental and social goals for the state

