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**Statement of Jim Trezise, President  
New York Wine & Grape Foundation**

To the Joint Fiscal Committees  
At the Joint Legislative Budget Public Hearing  
On Economic Development

January 31, 2012  
Albany, New York

**TO: FISCAL COMMITTEE CHAIRS AND MEMBERS:**

On behalf of the Board of Directors of the New York Wine & Grape Foundation and the statewide industry that we represent, I thank you for the opportunity to provide this Statement.

The New York grape and wine industry is the ultimate example of successful economic development, generating huge amounts of total economic activity for the State, as well as substantial payments of State and local taxes.

I respectfully request that the New York State Senate and Assembly restore funding for the New York Wine & Grape Foundation, the private nonprofit statewide organization created in 1985 (Chapter 80 of the Laws of 1985, passed unanimously by the Legislature and signed into law by then Governor Mario Cuomo). The Foundation's status as the only organization to receive and manage State funding for the grape and wine industry was reaffirmed by the Wine Market Fund law of 2004.

The Foundation's legislative mandate is to support the wine and grape industry through comprehensive programs of research and promotion. The results of this longstanding public-private partnership have been dramatic: The wine and grape industry has gone from economic crisis in 1985 to the fastest growing industry in the agriculture and tourism sectors of the State's economy.

From fewer than 50 wineries in 1985, we have grown to 316 today, located in 55 of New York's 62 counties, including Manhattan, Brooklyn and Queens. Tourist visits to wineries have multiplied from 340,000 to over 5 Million, bringing economic multiplier benefits to transportation companies, hotels, B&B's, restaurants, gift shops, and State and local tax coffers. The grape and wine industry generates more than \$3.76 Billion annually in economic activity for New York State, including \$230 Million in taxes. In short, we make money for the State.

The Foundation has respectfully requested \$2 million in state funds, or less than 1% of the taxes contributed, to be reinvested in the wine and grape industry so we can grow even faster and contribute more to the economy. Four years ago the Foundation received \$3 million in state funds, but this has been cut by 75% to \$713,000 in the past two years. This year, the Foundation has reduced its budget request from \$3 million to \$2 million, in recognition of the State's significant fiscal challenges.

After being "zeroed out" in the Executive Budget for three consecutive years, the Foundation is delighted that Governor Andrew Cuomo is proposing \$713,000 in state funding for SFY 2012-13, the same level as this year. This is a clear signal of support by the Executive.

The additional \$1.3 Million we are requesting from the Legislature, would enable the Foundation to supplement its core research and promotion programs with others that will grow the industry. For example, through a separate grant of \$150,000 from the Genesee Valley Regional Market Authority, we are now conducting a major three-month wine promotion in New York City entitled: "New York Drinks New York" which will end on March 31, 2012, if we are unable to obtain additional funding. The Foundation could also restore its highly successful "Regional Branding" program in New York State's various wine regions from Long Island to Lake Erie. The successful "New York Wine Month" program in major markets throughout the state also hinges on funding, as does research into wine quality and viticulture sustainability by our research partners at Cornell University. More specifically, the projects the Foundation would like to fund, more or less in priority order, are:

- \$450,000 for marketing New York wines in New York City (for the balance of 2012)
- \$200,000 for Regional Branding programs
- \$237,000 for a statewide "New York Wine Month" promotion
- \$200,000 for Total Quality Focus & Sustainability Research
- \$200,000 for promoting the health benefits of Concord grape juice and table grapes

These programs are proven successes, and are literally "on the shelf" and ready to go if the Foundation receives funding. They are also described in more detail in the Foundation's formal budget request for FY 2012-13 which is appended to this Statement.

There are some who propose the creation of a "New York Wine Council" as a new, separate entity for the marketing of New York "fine wines." Creating a competing organization is clearly unnecessary. All that is needed is to restore adequate funding to the Foundation which has a clear track record of dramatic success in all areas, as well as support from the industry statewide.

The grape and wine industry is literally rooted in New York: We could not move our vineyards and wineries to another state even if we wanted to—and we certainly don't! We are proud New Yorkers making great New York wines. The younger generation is now taking over at many established vineyards and wineries, showing confidence in the future of the wine industry in New York.

Additionally, the state excise tax on wine was recently increased by over 50%, placing a major burden on our family farm wineries and giving nothing back to the industry. So we now ask for just a small amount of the wine excise tax to be dedicated to the Foundation for reinvestment in viticulture and oenology.

Lest the government think that the wine and grape industry is not helping itself, we are currently in discussions with the Department of Agriculture & Markets to create a "wine market order" funded by a percentage fee assessed per ton of grapes. Any monies generated under such a

market order would be dedicated to wine and grape research efforts. The Foundation has also recently held discussions with the I Love NY promotion Office within the Empire State Development Corporation (ESDC), to allow the Foundation to partner with that agency in promoting New York's wine country as an international tourist destination.

For the past three years, the Legislature has restored some of the Foundation's funding and kept it afloat, for which we are deeply grateful. We now hope that the Legislature may build upon what the Governor has proposed for this fiscal year, so that the Foundation may engage in the wine & grape promotions and research described herein. Funding for the New York Wine & Grape Foundation is the classic case of an investment in economic development for sustainable agribusiness.

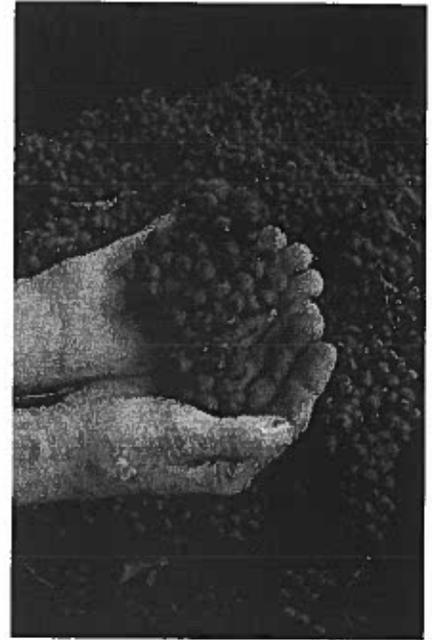
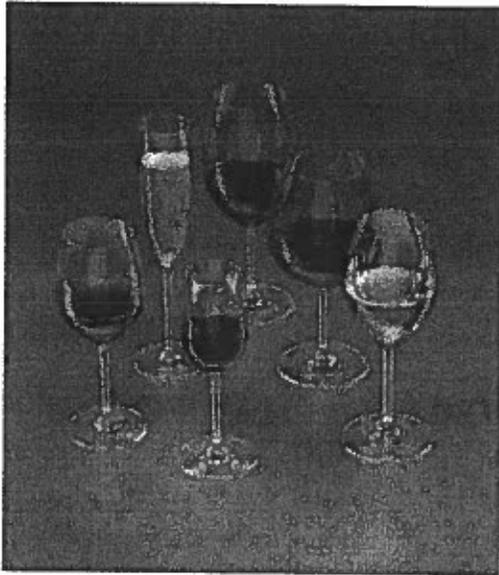
Thank you in advance for your consideration.

Respectfully submitted,

Jim Trezise, President  
New York Wine & Grape Foundation

# New York Wine & Grape Foundation

**Budget Request**  
**April 1, 2012 – March 31, 2013**



## **Our Goal:**

*"To have the New York grape and wine industry recognized as a world leader in quality, productivity and social responsibility."*

**NEW YORK WINE & GRAPE FOUNDATION**  
**BUDGET REQUEST, FY 2012-2013**

**Executive Summary**

**\$2 Million in Matching Funds and Wine Market Funds (\$1 Million Each)**

**PERSPECTIVE**

**\$3.76 Billion** = Total **Annual Economic Benefits** of the New York grape, grape juice, and wine industry to the New York State Economy

**\$230 Million** = Taxes Paid (State and Local)

**\$3 Million** = FY 2011-12 Budget Request (1/1,000<sup>th</sup> of economic benefits)

**\$2 Million** = FY 2012-13 Budget Request (33% Reduction)

**\$2.8 Million** = State Funds Received in FY 2008-09

**40%** = Budget Reduction in FY 2009-10 (to **\$1.7 Million**)

**60%** = Budget Reduction in FY 2010-11 and FY 2011-12 (to **\$713,000**)

**50%** = Increase in **Excise Taxes** on New York wineries in 2009

**52** = Number of New York counties with wineries (over 300)

**\$1 Million** = **Private Sector Matching Funds** for NYWGF Research and Promotion (Based on \$1M from the State in matching funds.)

| <b>FY Request (R) or Actual (A)</b> | <b>Matching Funds</b> | <b>Wine Market Fund</b> |  |
|-------------------------------------|-----------------------|-------------------------|--|
| <b>2012-2013 (R)</b>                | <b>\$1,000,000</b>    | <b>\$1,000,000</b>      | <b>33% Reduction from requests for previous 4 fiscal years</b> |
| <b>2011-2012 (A)</b>                | <b>\$713,000</b>      |                         | <b>\$3,000,000 had been requested</b>                          |
| <b>2010-2011 (A)</b>                | <b>\$713,000</b>      |                         | <b>\$3,000,000 had been requested</b>                          |
| <b>2009-2010 (A)</b>                | <b>\$950,000</b>      | <b>\$750,000</b>        | <b>\$3,000,000 had been requested</b>                          |
| <b>2008-2009 (A)</b>                | <b>\$1,000,000</b>    | <b>\$1,800,000</b>      | <b>\$3,000,000 had been requested</b>                          |

**Matching funds are the core of NYWGF's budget, and their availability encourages the private sector to contribute to the overall budget. For detail on how private sector funds support the Foundation's programs, please see Appendix A.**

The wine marketing funds permit important initiatives that benefit the industry and State, and help the private sector work together to further develop the industry and increase awareness of the quality, styles and availability of New York wines and other grape products amongst trade, media and consumers.

**RESEARCH PROGRAM:** NYWGF spends about \$300,000 to \$800,000 annually on research, primarily at Cornell University, involving grape growing, wine making, and sustainability. However, funding levels depend on state support as well as private sector funding.

**MAJOR PROGRAMS:** The major programs proposed for FY 2012-13 are similar to several conducted in 2008-09, including:

- \$300,000 for marketing New York wine in New York City
- \$200,000 for a "New York Wine Month" promotion in other markets
- \$200,000 for promoting the health benefits of Concord grape juice and table grapes
- \$150,000 for Regional Branding programs
- \$150,000 for Total Quality Focus & Sustainability Research
- \$675,000 for wine trail, cooperative advertising, wine competitions, and other programs using **matching funds (with an equal amount from the private sector)**
- \$325,000 for additional on-going research under **matching funds program (plus private sector funds)**