



P R E S S R E L E A S E

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MEMBERS OF CONGRESS CALL ON NEW YORK LEGISLATORS TO HELP NY WINE INDUSTRY

State Ban on Direct Shipment of Wine Hurts New York's Economy, Winegrowers & Consumers

Washington, DC – Eight bipartisan members of New York State's Congressional Delegation sent a letter to members of the New York State Legislature, calling on them to pass legislation proposed by New York Governor George Pataki in his 2004 – 05 budget proposal to allow New York State wine producers to ship their products directly to consumers in other states. Currently, state law prohibits wine producers from shipping wine directly to consumers in other states, greatly impeding New York's fastest growing agricultural industry. New York State is the third largest wine producing state in the U.S., and the largest wine producing state that does not allow direct shipment. The letter was signed by U.S. Senators Hillary Rodham Clinton and Charles Schumer, and U.S. Representatives Louise M. Slaughter (D-28), Tim Bishop (D-1), Maurice Hinchey (D-22), Sherwood Boehlert (R-24), Jack Quinn (R-27) and Amo Houghton (R-29).

"We are pleased to note that Governor Pataki recently re-addressed the direct shipment of New York State wine," the Members wrote. "As part of his \$99.8 billion budget proposal for 2004-2005, Governor Pataki proposed legislation that would allow out-of-state wineries to ship wine directly to New York residents, and in turn allow the direct-to-consumer shipments of New York wines to other states...As members of New York State's Congressional delegation representing our wine producing regions, we urge you to pass this important legislation as soon as possible. Consumers want New York wine. We can fill this demand and benefit our wine industry at the same time."

"Wine growers, consumers and New York's economy will all benefit from lifting the ban on wine shipments across state lines," said Rep. Slaughter. "Governor Pataki has done the right thing by proposing to do away with this ban, which does nothing but hurt New York's renowned wine industry. Changing the law to allow interstate shipment, as many other states have already, would allow our winegrowers to compete, bolster the economy, give consumers more choice and bring in much-needed tax revenue. I call on the state legislature to quickly change the law."

"New York wineries are taking their rightful place amongst the top wineries in the nation," Rep. Bishop said. "New York wineries can compete on their own, but we can help create a level playing field to make it a fair fight. I applaud the Governor's call to remove the shipping ban, and I urge the State Legislature to repeal the ban once and for all."

"Maintaining the current ban puts New York wineries at a competitive disadvantage. Not only are customers in other markets prohibited from buying New York wine directly, but many prominent wine writers in California and other states - who have expressed considerable fondness for New York wines - cannot write about them because their readers cannot buy them," Senator Clinton said. "I call on the New York State Assembly and Senate to support our wine industry and change these outdated and unfair laws."

Rep. Sherwood Boehlert, (NY-24) said, "I applaud the leadership and vision of Governor Pataki in proposing to allow out-of-state shipment of New York wines. Our wineries produce some of the best quality wines and the opportunity to share them with the world should not be denied. I will continue to work with Governor Pataki and our New York wine growers to ensure their wines are accessible to of-age consumers who want to purchase them."

"The ability to ship wine directly to out-of-state customers will be very helpful to our local wineries," said Rep. Houghton. "It's no secret that small wineries are hurt by not being able to distribute their products nation-wide. This changes that for the better of many small business owners in the Finger Lakes."

"Wine making is the fastest growing agricultural industry in New York State and is a vital component to returning jobs to Western New York," said Rep. Jack Quinn. "Current law bars our wine makers from accessing new markets in other states by prohibiting the direct shipment of wine to consumers. New York is simply losing out. The direct shipment of NY wines will not only bolster the excellent reputation of the local wineries by expanding their markets throughout the United States, but will continue to effectively improve New York's economy by creating new markets and new jobs."

In August 2003, members of New York State's Congressional Delegation wrote to Governor Pataki, calling on him to spearhead an effort to change New York State law to allow New York wine producers to ship wine to other states, which state law currently prohibits. The New York State Legislature passed a bill nine years ago to allow direct shipment, but Governor Pataki vetoed it.

The law was ruled unconstitutional in 2002 by the U.S. District Court, but was appealed in 2003 by New York State Attorney General Eliot Spitzer. Thirteen states already have reciprocal wine shipment laws and eight have laws that allow direct shipment of wine. In addition, the Federal Trade Commission recently released a report showing that the direct shipment of wine will lower prices, increase consumer choice and not lead to tax evasion or the sale of alcohol to minors, as some opponents argue.

New York State ranks third nationally in wine production. According to the New York Farm Bureau, the state has almost one thousand family owned vineyards that produce 175,000 tons of grapes annually – a \$40 million industry. There are 160 wineries in the four main wine-producing regions of the state: the Finger Lakes, Long Island, the Hudson River Valley and the Lake Erie region. These wineries produce over 100 million bottles of wine every year and attract approximately one million tourists.

January 29, 2004

Members of the New York Legislature
State Capitol
Albany, New York 12224

Dear New York State Legislator:

As you know, the grape and wine sector represents a major industry in New York State. As New Yorkers, we can be proud of the reputation of our wines, the beauty of our grape growing regions, and the accomplishments of our world-class research institutions.

Unfortunately, wine production -- the fastest growing agricultural industry in New York -- is currently prevented by state law from creating new markets via direct shipment to customers outside the state. New York is losing out. Although both your chambers successfully passed legislation to repeal this anachronistic, damaging law -- thereby benefiting our wineries and state economy -- the Governor ultimately vetoed the bill.

We are pleased to note that Governor Pataki recently re-addressed the direct shipment of New York State wine. As part of his \$99.8 billion budget proposal for 2004-2005, Governor Pataki proposed legislation that would allow out-of-state wineries to ship wine directly to New York residents, and in turn allow the direct-to-consumer shipments of New York wines to other states.

Under this proposal, adults 21 or older would be allowed to have up to two cases of wine per month delivered to their homes for personal use. Wineries in other states would be required to pay \$125 for a license to ship into New York. They also would be required to pay all state excise and sales taxes and report the shipment quantities to the state. The New York Division of the Budget estimates that this measure would raise approximately \$2 million in licensing fees and taxes in 2004-2005, although the number is expected to increase in following years.

In addition, the passage of this legislation would mean increased sales and revenue for New York State's wineries. New York is one of the largest wine-producing states with over 190 wineries and should benefit greatly from this expanded market.

As members of New York State's Congressional delegation representing our wine producing regions, we urge you to pass this important legislation as soon as possible. Consumers want New York wine. We can fill this demand and benefit our wine industry at the same time.

We look forward to working with you to grow the state economy. Thank you for your consideration of this important and timely matter.

Sincerely,

Timothy H. Bishop
Member of Congress

Louise M. Slaughter
Member of Congress

Hillary Rodham Clinton
Senator

Charles Schumer
Senator

Maurice Hinchey
Member of Congress

Sherwood Boehlert
Member of Congress

Jack Quinn
Member of Congress

Amo Houghton
Member of Congress

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