

Title: In Danger of Drying Up

Author:

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In Danger of Drying Up

Wineries, distilleries plead for relief; tasting rooms, a major revenue source, included in bar shutdown

As Texas continues to navigate the COVID-19 pandemic, tasting rooms at hundreds of wineries and distilleries remain closed, limiting consumer access, negatively affecting sales, impacting jobs and reducing much-needed tax revenue for local and state governments.

Gov. Greg Abbott's executive order closing bars had the seemingly unintended consequence of forcing Texas winery and distillery tasting rooms to close.

Industry leaders on Friday announced the launch of grassroots efforts to educate, advocate and mobilize Texans in support of these two key drivers of the state's economy and small business community.

The Texas Winery PAC and the Texas Craft Spirits PAC are working to share their vision of a Texas with laws that promote, rather than inhibit the growth and prosperity of the craft spirits and wine industries, both of which have a significant positive impact on the state's economy.

"Tasting rooms are a significant source of income and marketing opportunities for Texas wineries and many wineries will not be able to survive a prolonged shutdown. The wine industry in Texas has a direct and indirect economic impact of close to \$15 billion to the state of Texas every year, including over \$1 billion paid in state and local taxes," said Patrick Whitehead, president of the Texas Wine and Grape Growers Association.

"Not only are wineries suffering, but the farmers who grow grapes and everyone else in the supply chain are suffering," said Roxanne Myers, president of Lost Oak Winery in Burleson. "The shutdown is adversely affecting families across the state of Texas."

The Texas Craft Spirits PAC, in partnership with the Texas Whiskey Association, the American Craft Spirits Association, and the Texas Distilled Spirits Association recently launched their campaign to raise money to advocate for common-sense regulations that will give Texas distillers the contactless, direct-to-consumer sales

options they need to stay in business.

"While I greatly appreciate the governor's efforts to keep people safe during this COVID crisis, there is no reason we cannot operate safely under the same capacity rules that apply to restaurants," said Dee Kelleher, co-owner of Dripping Springs Distilling and chair of the Texas Craft Spirits PAC. "Absent that, without new sales options, many distillers will go out of business."

Wineries and distilleries generally operate only during the day with most having outdoor serving areas, which allows for appropriate physical distancing. Most guests are visiting to learn about products and production and to purchase Texas crafted wine and spirits.

Despite an increase in overall alcohol sales, most of those gains

are being realized by large wine and distillery brands based outside of Texas. Many Texas wineries and

distilleries work directly with customers through an onsite experience and as a result are suffering significant losses.

The reason for the significant drop in revenue among Texas distilleries — estimated at 60%-80% in lost revenue since COVID-19 began — is that distillers are prevented by law from selling more than two bottles per-consumer every 30 days.

The current law also forces in-person only sales by distilleries, prohibiting contactless shipping and delivery to consumers over the age of 21. This practice is already

safely permitted in other parts of the Texas alcoholic beverage industry.

Opening these sales channels to Texas distillers — as has been done recently in other states, most notably Kentucky, New York, Illinois and California — will give Texas distilleries a fighting chance to maintain their businesses while providing much-needed products, such as hand sanitizer, during this pandemic, the PAC officials stated.

Also affected are businesses associated with the wine and craft spirits industries, including small business owners, employees, farmers, and tour bus operators.

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ONLINE

Supporters can learn more at savetexaswineries.org.

Fans of Texas' craft distilleries can support the industry at texascraftspirits.org.



Tasting rooms at wineries, such as this one at Grape Creek Vineyards, were closed by a governor's order as part of the bar shutdown during the COVID-19 pandemic. — GCW file photo