

September 2, 2021

The Honorable Antonio Vazquez
Chairman, Board of Equalization, 3rd District
450 N Street, MIC:72
Sacramento, CA 95814

Dear Chairman Vazquez:

On behalf of Wine Institute, I request time be allocated on the Board of Equalization's (BOE) September meeting agenda to discuss the release of winegrower excise tax data for the purpose of economic analysis. Wine Institute is the pre-eminent organization advocating on behalf of California wine, with over 1,000 members representing family-owned small, medium, and large wineries from every region of the state. California produces over 80% of our nation's wine and is responsible for nearly \$60 billion in economic activity in California.

The California wine industry has been receiving data from the Winegrower Returns and Schedules for decades which has been critical for the industry's assessment of long-term market trends. However, in August 2019 the BOE stopped providing the industry with this crucial data. Without this data, the ability to perform critical market assessments is compromised and could result in economic harm to the industry.

The wine industry requires a long-term understanding of the market to inform grape varietal (chardonnay, cabernet sauvignon, etc.) planting decisions which will have significant impacts on the winegrape and wine markets for decades. The typical winegrape cycle last 25 to 30 years as follows:

- Year 0 – Plant new vineyard
- Year 3 – First crop
- Year 5 – Vineyard comes into full production and reaching optimal quality
- Year 8 – For high-end wines, the release of the Vintage from the Year 5 crop
- Year 25 to 30 – Replant Vineyard

The analysis stemming from this data has been critical for the industry in making planting decisions. In addition, it has allowed the industry to:

- Identify long-term trends by a winery, region, wine type (by knowing winery trends), etc.
- Inform legislators and regulatory bodies of the state of the industry at the local, state, and federal levels
- Provide detailed information for accessing export promotion funds from the federal government

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As mentioned, in August 2019, the BOE ceased providing the winegrower excise tax data from the Winegrower Returns and Schedules. After ongoing communication between the wine industry and the BOE, the BOE decided to request guidance from the Attorney General's office regarding the statutes related to the release of this information. The advice from the Attorney General in September 2020 led the BOE staff to anonymize all Return and Schedule data from the Winegrower Returns.

The decision by BOE staff has made understanding the trends in the industry significantly more difficult during some of the most disruptive times the industry has seen due to fires and the Pandemic. We believe the statutes related to the Winegrower Returns allows them to be made public without the need to anonymize (Government Code Section 15619 and Revenue and Tax Code Section 32455).

We request that the BOE re-evaluate the decision to redact the data and to authorize providing the Winegrower Return information in a form similar to what has been provided for decades. We understand that the Board can likely make a final decision by their October meeting and we respectfully request that this timeline be pursued.

For your information, attached is an example of how this Winegrower Return data is used to track industry trends. We will provide a more detailed overview for the members' staff to understand this matter better. Thank you in advance for your time and help.

Sincerely,



Robert P. Koch
President & Chief Executive Officer
Wine Institute

This letter is supported by the following Organizations:

- California Association of Winegrape Growers
- Napa Valley Vintners
- Sonoma County Vintners
- Paso Robles Wine Country Alliance
- Santa Barbara County Wine
- Livermore Valley Wine Country
- Mendocino Winegrowers
- Anderson Valley Winegrowers Association
- Temecula Valley Winegrowers
- San Diego County Vintners Association
- Amador Vintners
- Suisun Valley Vintners & Growers Association
- Wines of the Santa Cruz Mountains
- Lake County Winery Association

cc: Members, Board of Equalization
Members, Senate Select Committee on California's Wine Industry
Members, Assembly Select Committee on Wine