

Gaskill  
Veenstra  
Soukup

SSB-1164

Agriculture  
Proposed by  
(SF) HF 340

SENATE/HOUSE FILE  
BY (PROPOSED DEPARTMENT OF  
AGRICULTURE AND LAND  
STEWARDSHIP BILL).

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act providing assistance regarding the development of grapes  
2 and wine, and providing an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 123.183, Code 2001, is amended to read  
2 as follows:

3 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

4 1. In addition to the annual permit fee to be paid by each  
5 class "A" wine permittee, there a wine gallonage tax shall be  
6 levied and collected from each class "A" wine permittee on all  
7 wine manufactured for sale and sold in this state at wholesale  
8 and on all wine imported into this state for sale at wholesale  
9 and sold in this state at wholesale ~~7-a.~~ The rate of the wine  
10 gallonage tax of is one dollar and seventy-five cents for  
11 every each wine gallon ~~and-a-like.~~ The same rate shall apply  
12 for the fractional parts of a wine gallon. A The wine  
13 gallonage tax shall not be levied or collected on wine sold by  
14 one class "A" wine permittee to another class "A" wine  
15 permittee.

16 2. a. Revenue derived collected from the wine gallonage  
17 tax collected on wine manufactured for sale and sold in this  
18 state shall be deposited in the wine gallonage tax fund hereby  
19 as created in this section.

20 b. A wine gallonage tax fund is created in the office of  
21 the treasurer of state. Moneys deposited in the ~~gallonage-tax~~  
22 the fund are appropriated to the department of economic  
23 development as provided in section 15E.117. Moneys in the  
24 ~~fund shall not revert to the general fund of the state without~~  
25 ~~a specific appropriation by the general assembly~~ are not  
26 subject to section 8.33.

27 3. Of the amount collected from the wine gallonage tax  
28 that is not deposited in the wine gallonage tax fund, the  
29 first eighteen cents of the tax of each wine gallon shall be  
30 deposited to the grape and wine development fund as created in  
31 section 159B.5. All other revenue derived collected from the  
32 wine gallonage tax shall be deposited in the liquor control  
33 fund ~~established by~~ created in section 123.53 ~~and shall be~~  
34 ~~transferred by the director of revenue and finance to the~~  
35 ~~general fund of the state.~~

1164

1 Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

2 1. "Commission" means the grape and wine development  
3 commission as established pursuant to section 159B.2.

4 2. "Department" means the department of agriculture and  
5 land stewardship.

6 3. "Fund" means the grape and wine development fund  
7 created pursuant to section 159B.5.

8 4. "Grower" means a person who owns a vineyard and is  
9 actively engaged in growing grapes on a commercial basis in  
10 this state for use by a winery.

11 5. "Retail seller" means a person actively engaged in the  
12 business of selling wine in this state on a retail basis.

13 6. "Vineyard" means a tract of land used for growing  
14 grapes used in making wine.

15 7. "Wine" means the same as defined in section 123.3.

16 8. "Winemaker" means a person who owns a winery and is  
17 actively engaged in producing wine in this state on a  
18 commercial basis.

19 9. "Winery" means a commercial operation using grapes for  
20 the production of wine on a commercial basis.

21 Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT  
22 COMMISSION.

23 1. A grape and wine development commission is established  
24 within the department. The commission shall be composed of  
25 the following persons:

26 a. The following persons, or their designees, who shall  
27 serve as nonvoting, ex officio members:

28 (1) The secretary of agriculture.

29 (2) The dean of the college of agriculture of Iowa state  
30 university of science and technology.

31 (3) The director of the department of economic  
32 development.

33 (4) The director of the department of natural resources.

34 b. The following persons appointed by the secretary of  
35 agriculture, who shall serve as voting members:

- 1 (1) Two growers.
- 2 (2) Two winemakers.
- 3 (3) One retail seller.

4 The secretary of agriculture shall appoint the voting  
5 members based on a list of nominations submitted by  
6 organizations representing growers, winemakers, and retail  
7 sellers as certified by the department according to  
8 requirements of the department. The secretary of  
9 agriculture's appointees shall be confirmed by the senate,  
10 pursuant to section 2.32.

11 2. The voting members shall serve three-year terms  
12 beginning and ending as provided in section 69.19. However,  
13 the secretary of agriculture shall appoint initial members to  
14 serve for less than three years to ensure members serve  
15 staggered terms. A member is eligible for reappointment. A  
16 vacancy on the commission shall be filled for the unexpired  
17 portion of the regular term in the same manner as regular  
18 appointments are made.

19 3. The commission shall elect a chairperson from among its  
20 voting members each year on a rotating basis as provided by  
21 the commission. The commission shall meet on a regular basis  
22 and at the call of the chairperson or upon the written request  
23 to the chairperson of two or more voting members.

24 4. The voting members are entitled to receive actual and  
25 necessary expenses as provided in section 7E.6.

26 5. Three voting members constitute a quorum and the  
27 affirmative vote of a majority of the voting members present  
28 is necessary for any substantive action to be taken by the  
29 commission. The majority shall not include any member who has  
30 a conflict of interest and a statement by a member that the  
31 member has a conflict of interest is conclusive for this  
32 purpose. A vacancy in the membership does not impair the  
33 duties of the commission.

34 Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

35 1. The department shall administer this chapter and shall

1 do all of the following:

2 a. Establish and administer grape and wine development  
3 programs as provided in section 159B.4 and account for and  
4 expend moneys from the grape and wine development fund created  
5 pursuant to section 159B.5.

6 b. Report to the commission regarding the status of grape  
7 and wine development, including information regarding persons  
8 receiving assistance under grape and wine development programs  
9 as provided in section 159B.4 and the status of the grape and  
10 wine development fund as provided in section 159B.5.

11 c. Provide facilities for the commission to meet and carry  
12 out its powers and duties as provided in this section,  
13 including by staffing commission meetings.

14 d. Adopt all rules necessary to administer this chapter.

15 2. The grape and wine development commission shall oversee  
16 the administration of this chapter by the department and shall  
17 to do all of the following:

18 a. Monitor conditions, practices, policies, and programs  
19 affecting the grape and wine development in this state.

20 b. Establish mutually beneficial relationships with local,  
21 state, and federal governmental agencies and local, regional,  
22 and national associations representing growers and winemakers.

23 c. Contract with a viticulturist or enologist to provide  
24 technical assistance under grape and wine development programs  
25 as provided in section 159B.4.

26 d. Approve or disapprove applications for financial  
27 assistance under grape and wine development programs as  
28 provided in section 159B.4, after departmental review and  
29 recommendation and in accordance with rules adopted pursuant  
30 to this chapter. The department shall adopt rules for  
31 awarding moneys to persons submitting proposals, including  
32 procedures for submitting applications and criteria for  
33 selecting proposals.

34 e. Approve rules proposed by the department for adoption  
35 pursuant to chapter 17A required for the administration of

1 this chapter.

2 Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT  
3 PROGRAMS.

4 The department in cooperation with the commission shall  
5 establish grape and wine development programs, by assisting  
6 persons in establishing, improving, or expanding vineyards or  
7 winemaking operations, including wineries. The programs may  
8 provide for all of the following:

9 1. Technical assistance which may include all the  
10 following:

11 a. Viticultural assistance in order to increase the size  
12 of vineyards, improve yield, and enhance the character,  
13 composition, and condition of grapes. The department may  
14 provide technical assistance regarding the selection and  
15 management of vines suitable for regions of this state;  
16 cultivation and harvest practices; the implementation of  
17 practices designed to improve grape growing based on soil  
18 types, nutrients and minerals, space, climate, and drainage;  
19 the use of recommended varieties of native or hybrid  
20 cultivars; and disease, weed, and pest control, including the  
21 safe and effective application of pesticides or herbicides or  
22 the use of organic practices.

23 b. Enological assistance which may be based on enological  
24 study in order to produce, preserve, and transport  
25 commercially viable wines, including high-quality wines, wines  
26 adapted to particular regions of the state, and wines with  
27 distinctive tastes produced from native or hybrid cultivars.  
28 The technical assistance may include assistance regarding  
29 improving practices or constructing facilities designed to  
30 expand or improve processing, cellarage, or bottling.

31 2. Financial assistance which shall be in the form of a  
32 loan, forgivable loan, loan guarantee, cost share,  
33 indemnification of costs, or any combination of such financing  
34 as deemed appropriate by the commission. The financial  
35 assistance may be awarded to persons beginning or engaged in

1 grape growing or winemaking, based on a sound business plan  
2 that demonstrates the viability of the proposed operations.

3 Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT  
4 FUND.

5 1. A grape and wine development fund is created in the  
6 state treasury under the control of the department. The fund  
7 is composed of moneys appropriated by the general assembly and  
8 moneys available to and obtained or accepted by the department  
9 from the United States or private sources for placement in the  
10 fund. The fund shall include moneys deposited in the fund  
11 derived from the wine gallonage tax as provided in section  
12 123.183.

13 2. Moneys in the fund are appropriated to the department  
14 exclusively to carry out grape and wine development programs  
15 as provided in section 159B.4, including contracting with a  
16 viticulturist or enologist to provide technical assistance and  
17 to provide financial assistance to growers and winemakers as  
18 provided in that section.

19 3. Section 8.33 shall not apply to moneys in the fund.  
20 Notwithstanding section 12C.7, moneys earned as income or  
21 interest from the fund shall remain in the fund until expended  
22 as provided in this section.

23 EXPLANATION

24 This bill creates a new Code chapter 159B, which provides  
25 for grapes and wine development.

26 The bill establishes a grape and wine development  
27 commission established within the department of agriculture  
28 and land stewardship. The commission is composed of three  
29 nonvoting, ex officio members, including the secretary of  
30 agriculture, the director of the department of economic  
31 development, and the dean of the college of agriculture of  
32 Iowa state university, or their designees. The commission  
33 includes five voting members appointed by the secretary of  
34 agriculture based on a list of nominations submitted by  
35 organizations representing growers, winemakers, and retail

1 sellers, with senate confirmation.

2 The bill provides for the operation of the commission and  
3 the powers and duties of the commission and the department.  
4 The department is responsible for administering the provisions  
5 of the chapter, including establishing grape and wine  
6 development programs, reporting to the commission regarding  
7 the status of grape and wine production, providing facilities  
8 for the commission to meet and carry out its functions, and  
9 adopting rules as required. The commission is responsible for  
10 monitoring the grape and wine industries and establishing  
11 relationships with governmental agencies and interested  
12 associations. The commission may also contract with a  
13 viticulturist or enologist to provide technical assistance  
14 under grape and wine development programs as provided in the  
15 bill, and approve or disapprove applications for financial  
16 assistance under those programs.

17 The bill requires that the department, in cooperation with  
18 the commission, establish grape and wine development programs,  
19 by assisting persons in establishing, improving, or expanding  
20 vineyards or winemaking operations, including wineries. The  
21 programs may provide for technical assistance, including  
22 viticultural assistance in order to increase the size of  
23 vineyards, improve yield, and enhance the character,  
24 composition, and condition of grapes. It also provides for  
25 enological assistance in order to produce, preserve, and  
26 transport commercially viable wines. The bill also provides  
27 for financial assistance programs in order to assist persons  
28 beginning or engaged in grape growing or winemaking.

29 The bill establishes a grape and wine production fund in  
30 the state treasury under the control of the department. The  
31 fund includes moneys deposited in the fund derived from the  
32 wine gallonage tax as provided in Code section 123.183.

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IOWA DEPARTMENT OF AGRICULTURE  
AND LAND STEWARDSHIP

1164



# MEMO

TO: Members of the Iowa General Assembly

FROM: Jamie Cashman, Legislative Liaison

SUBJECT: Grape Development Legislation

DATE: 2/15/01

Iowa, at the turn of the century, was one of the largest grape producing states in the nation. Due to Prohibition, and the introduction of 2-4D, grape production all but disappeared in this state. Recently several Midwestern states have initiated wine and grape programs through their departments of agriculture that have been tremendously successful in developing their grape and wine industry. Grape production and most importantly the value-added production of grapes into wine provides additional opportunities for Iowa growers to diversify and to increase tourism here in this state.

This legislation establishes a wine and grape development commission under the Iowa Department of Agriculture. It also provides funding for the commission and programs that will go towards the advancement of the wine and grape industry in Iowa. Iowa growers desperately need technical assistance to see this industry grow and flourish. This legislation will provide Iowa growers the tools they need to prosper.

FILED MAR 1 '01

SENATE FILE 340  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1164)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing assistance regarding the development of grapes  
2 and wine, and providing an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 340

1 Section 1. Section 123.183, Code 2001, is amended to read  
2 as follows:

3 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

4 1. In addition to the annual permit fee to be paid by each  
5 class "A" wine permittee, there a wine gallonage tax shall be  
6 levied and collected from each class "A" wine permittee on all  
7 wine manufactured for sale and sold in this state at wholesale  
8 and on all wine imported into this state for sale at wholesale  
9 and sold in this state at wholesale~~7-a.~~ The rate of the wine  
10 gallonage tax of is one dollar and seventy-five cents for  
11 every each wine gallon and-a-like. The same rate shall apply  
12 for the fractional parts of a wine gallon. A The wine  
13 gallonage tax shall not be levied or collected on wine sold by  
14 one class "A" wine permittee to another class "A" wine  
15 permittee.

16 2. a. Revenue derived collected from the wine gallonage  
17 tax collected on wine manufactured for sale and sold in this  
18 state shall be deposited in the wine gallonage tax fund hereby  
19 as created in this section.

20 b. A wine gallonage tax fund is created in the office of  
21 the treasurer of state. Moneys deposited in the-gallonage-tax  
22 the fund are appropriated to the department of economic  
23 development as provided in section 15E.117. Moneys in the  
24 fund shall-not-revert-to-the-general-fund-of-the-state-without  
25 a-specific-appropriation-by-the-general-assembly are not  
26 subject to section 8.33.

27 3. All-other Of the amount of revenue collected from the  
28 wine gallonage tax on wine imported into this state for sale  
29 at wholesale and sold in this state at wholesale, the first  
30 ten cents shall be deposited in the grape and wine development  
31 fund as created in section 159B.5. The remaining revenue  
32 derived collected from the wine gallonage tax on wine imported  
33 into this state for sale at wholesale and sold in this state  
34 at wholesale shall be deposited in the liquor control fund  
35 established-by created in section 123.53 and-shall-be

1 transferred-by-the-director-of-revenue-and-finance-to-the  
2 general-fund-of-the-state.

3 Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

4 1. "Commission" means the grape and wine development  
5 commission as established pursuant to section 159B.2.

6 2. "Department" means the department of agriculture and  
7 land stewardship.

8 3. "Fund" means the grape and wine development fund  
9 created pursuant to section 159B.5.

10 4. "Grower" means a person who owns a vineyard and is  
11 actively engaged in growing grapes on a commercial basis in  
12 this state for use by a winery.

13 5. "Retail seller" means a person actively engaged in the  
14 business of selling wine in this state on a retail basis.

15 6. "Vineyard" means a tract of land used for growing  
16 grapes used in making wine.

17 7. "Wine" means the same as defined in section 123.3.

18 8. "Winemaker" means a person who owns a winery and is  
19 actively engaged in producing wine in this state on a  
20 commercial basis.

21 9. "Winery" means a commercial operation using grapes for  
22 the production of wine on a commercial basis.

23 Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT  
24 COMMISSION.

25 1. A grape and wine development commission is established  
26 within the department. The commission shall be composed of  
27 the following persons:

28 a. The following persons, or their designees, who shall  
29 serve as nonvoting, ex officio members:

30 (1) The secretary of agriculture.

31 (2) The dean of the college of agriculture of Iowa state  
32 university of science and technology.

33 (3) The director of the department of economic  
34 development.

35 (4) The director of the department of natural resources.

1 b. The following persons appointed by the secretary of  
2 agriculture, who shall serve as voting members:

- 3 (1) Two growers.
- 4 (2) Two winemakers.
- 5 (3) One retail seller.

6 The secretary of agriculture shall appoint the voting  
7 members based on a list of nominations submitted by  
8 organizations representing growers, winemakers, and retail  
9 sellers as certified by the department according to  
10 requirements of the department. The secretary of  
11 agriculture's appointees shall be confirmed by the senate,  
12 pursuant to section 2.32.

13 2. The voting members shall serve three-year terms  
14 beginning and ending as provided in section 69.19. However,  
15 the secretary of agriculture shall appoint initial members to  
16 serve for less than three years to ensure members serve  
17 staggered terms. A member is eligible for reappointment. A  
18 vacancy on the commission shall be filled for the unexpired  
19 portion of the regular term in the same manner as regular  
20 appointments are made.

21 3. The commission shall elect a chairperson from among its  
22 voting members each year on a rotating basis as provided by  
23 the commission. The commission shall meet on a regular basis  
24 and at the call of the chairperson or upon the written request  
25 to the chairperson of two or more voting members.

26 4. The voting members are entitled to receive actual and  
27 necessary expenses as provided in section 7E.6.

28 5. Three voting members constitute a quorum and the  
29 affirmative vote of a majority of the voting members present  
30 is necessary for any substantive action to be taken by the  
31 commission. The majority shall not include any member who has  
32 a conflict of interest and a statement by a member that the  
33 member has a conflict of interest is conclusive for this  
34 purpose. A vacancy in the membership does not impair the  
35 duties of the commission.

1 Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

2 1. The department shall administer this chapter and shall  
3 do all of the following:

4 a. Establish and administer grape and wine development  
5 programs as provided in section 159B.4 and account for and  
6 expend moneys from the grape and wine development fund created  
7 pursuant to section 159B.5.

8 b. Report to the commission regarding the status of grape  
9 and wine development, including information regarding persons  
10 receiving assistance under grape and wine development programs  
11 as provided in section 159B.4 and the status of the grape and  
12 wine development fund as provided in section 159B.5.

13 c. Provide facilities for the commission to meet and carry  
14 out its powers and duties as provided in this section,  
15 including by staffing commission meetings.

16 d. Adopt all rules necessary to administer this chapter.

17 2. The grape and wine development commission shall oversee  
18 the administration of this chapter by the department and shall  
19 do all of the following:

20 a. Monitor conditions, practices, policies, and programs  
21 affecting the grape and wine development in this state.

22 b. Establish mutually beneficial relationships with local,  
23 state, and federal governmental agencies and local, regional,  
24 and national associations representing growers and winemakers.

25 c. Contract with a viticulturist or oenologist to provide  
26 technical assistance under grape and wine development programs  
27 as provided in section 159B.4.

28 d. Approve or disapprove applications for financial  
29 assistance under grape and wine development programs as  
30 provided in section 159B.4, after departmental review and  
31 recommendation and in accordance with rules adopted pursuant  
32 to this chapter. The department shall adopt rules for  
33 awarding moneys to persons submitting proposals, including  
34 procedures for submitting applications and criteria for  
35 selecting proposals.

1 e. Approve rules proposed by the department for adoption  
2 pursuant to chapter 17A required for the administration of  
3 this chapter.

4 Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT  
5 PROGRAMS.

6 The department in cooperation with the commission shall  
7 establish grape and wine development programs, by assisting  
8 persons in establishing, improving, or expanding vineyards or  
9 winemaking operations, including wineries. The programs may  
10 provide for all of the following:

11 1. Technical assistance which may include all the  
12 following:

13 a. Viticultural assistance in order to increase the size  
14 of vineyards, improve yield, and enhance the character,  
15 composition, and condition of grapes. The department may  
16 provide technical assistance regarding the selection and  
17 management of vines suitable for regions of this state;  
18 cultivation and harvest practices; the implementation of  
19 practices designed to improve grape growing based on soil  
20 types, nutrients and minerals, space, climate, and drainage;  
21 the use of recommended varieties of native or hybrid  
22 cultivars; and disease, weed, and pest control, including the  
23 safe and effective application of pesticides or herbicides or  
24 the use of organic practices.

25 b. Oenological assistance which may be based on  
26 oenological study in order to produce, preserve, and transport  
27 commercially viable wines, including high-quality wines, wines  
28 adapted to particular regions of the state, and wines with  
29 distinctive tastes produced from native or hybrid cultivars.  
30 The technical assistance may include assistance regarding  
31 improving practices or constructing facilities designed to  
32 expand or improve processing, cellarage, or bottling.

33 2. Financial assistance which shall be in the form of a  
34 loan, forgivable loan, loan guarantee, cost share,  
35 indemnification of costs, or any combination of such financing

1 as deemed appropriate by the commission. The financial  
2 assistance may be awarded to persons beginning or engaged in  
3 grape growing or winemaking, based on a sound business plan  
4 that demonstrates the viability of the proposed operations.

5 Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT  
6 FUND.

7 1. A grape and wine development fund is created in the  
8 state treasury under the control of the department. The fund  
9 is composed of moneys appropriated by the general assembly and  
10 moneys available to and obtained or accepted by the department  
11 from the United States or private sources for placement in the  
12 fund. The fund shall include moneys deposited in the fund  
13 derived from the wine gallonage tax as provided in section  
14 123.183.

15 2. Moneys in the fund are appropriated to the department  
16 exclusively to carry out grape and wine development programs  
17 as provided in section 159B.4, including contracting with a  
18 viticulturist or oenologist to provide technical assistance  
19 and to provide financial assistance to growers and winemakers  
20 as provided in that section.

21 3. Section 8.33 shall not apply to moneys in the fund.  
22 Notwithstanding section 12C.7, moneys earned as income or  
23 interest from the fund shall remain in the fund until expended  
24 as provided in this section.

25 EXPLANATION

26 This bill creates a new Code chapter 159B, which provides  
27 for grapes and wine development.

28 The bill establishes a grape and wine development  
29 commission established within the department of agriculture  
30 and land stewardship. The commission is composed of three  
31 nonvoting, ex officio members, including the secretary of  
32 agriculture, the director of the department of economic  
33 development, and the dean of the college of agriculture of  
34 Iowa state university, or their designees. The commission  
35 includes five voting members appointed by the secretary of

1 agriculture based on a list of nominations submitted by  
2 organizations representing growers, winemakers, and retail  
3 sellers, with senate confirmation.

4 The bill provides for the operation of the commission and  
5 the powers and duties of the commission and the department.  
6 The department is responsible for administering the provisions  
7 of the chapter, including establishing grape and wine  
8 development programs, reporting to the commission regarding  
9 the status of grape and wine production, providing facilities  
10 for the commission to meet and carry out its functions, and  
11 adopting rules as required. The commission is responsible for  
12 monitoring the grape and wine industries and establishing  
13 relationships with governmental agencies and interested  
14 associations. The commission may also contract with a  
15 viticulturist or oenologist to provide technical assistance  
16 under grape and wine development programs as provided in the  
17 bill, and approve or disapprove applications for financial  
18 assistance under those programs.

19 The bill requires that the department, in cooperation with  
20 the commission, establish grape and wine development programs,  
21 by assisting persons in establishing, improving, or expanding  
22 vineyards or winemaking operations, including wineries. The  
23 programs may provide for technical assistance, including  
24 viticultural assistance in order to increase the size of  
25 vineyards, improve yield, and enhance the character,  
26 composition, and condition of grapes. It also provides for  
27 oenological assistance in order to produce, preserve, and  
28 transport commercially viable wines. The bill also provides  
29 for financial assistance programs in order to assist persons  
30 beginning or engaged in grape growing or winemaking.

31 The bill establishes a grape and wine development fund in  
32 the state treasury under the control of the department. The  
33 fund includes moneys deposited in the fund derived from the  
34 wine gallonage tax as provided in Code section 123.183.

35

**SENATE FILE 340  
FISCAL NOTE**

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A fiscal note for **Senate File 340** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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**SUMMARY**

Senate File 340 establishes the Grape and Wine Development Commission that works in cooperation with the Department of Agriculture and Land Stewardship to develop programs that reestablishes and expands vineyards in Iowa. The Bill creates a Grape and Wine Development Fund to finance the programs. The Fund will receive \$0.10 from each \$1.75 collected for the wine gallonage tax.

**ASSUMPTIONS**

1. For FY 2000, a total of \$4.2 million was collected in wine gallonage tax and approximately 2.4 million gallons of wine was sold. Under Senate File 340, the Grape and Wine Development Fund would receive approximately \$240,000 per year.
2. The Commission will consist of six non-voting members and five voting members. The voting members will be reimbursed for expenses. The estimated average cost for reimbursement is \$10,000 for FY 2002 and for subsequent years.
3. Remaining funds will be used to provide financial assistance for grape growers. The estimated amount of funds available is \$230,000 for FY 2002 and subsequent years.

**FISCAL IMPACT**

Senate File 340 would result in approximately \$240,000 being deposited to the Grape and Wine Development Fund annually.

**SOURCE**

Department of Agriculture and Land Stewardship

(LSB 1248SV, DFK)

FILED MARCH 6, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR