

Free the Grapes! Launches “Grape Liberation Month”

National Toast to Commemorate Fifth Anniversary of Landmark U.S. Supreme Court Wine Direct Shipping Case, May 16, 2010, Amid Challenge Attacking Progress

April 21, 2010, Napa, CA – Free the Grapes!, the national grassroots coalition of wineries, consumers and retailers, is launching “Grape Liberation Month” in May to celebrate improvements in direct-to-consumer wine shipping since the ruling in *Granholm v. Heald* on May 16, 2005. www.freethegrapes.org

“Wine lovers enjoyed a steady increase in the choices available to them as more wineries purchased state shipping licenses, and the number of legal states increased from 27 to 37 in five years,” said Jeremy Benson, executive director, Free the Grapes! “Wineries now have the option of shipping to states that represent 83% of wine consumption, but with significantly greater regulatory and reporting requirements. Retailers, unfortunately, have not enjoyed the same success and all progress is threatened by power grabs like HR 5034,” he added. For more information on consumer and industry opposition to HR 5034, visit http://www.freethegrapes.org/index.php?q=content/media_updates

Market Analysis: Consumers Win, Most States Affected

Nearly every state has been affected in some way by the U.S. Supreme Court ruling.

Key Changes for Wineries since USSC Ruling	2004	2010
Legal Shipping States for Wineries	27	37
Percentage Consumer Market Available	51%	83%
Number of U.S. Wineries	4,356	6,705
Number of States with Wineries	50	50
Number of States Unaffected by USSC Ruling		4

According to Wine Institute, legislative and regulatory changes since *Granholm v. Heald* fall into three categories:

1. **Implementing Model Direct Shipping Permit Bill:** Transition of “reciprocal” states to “limited direct/permit” states – the model bill is now used in 35 states.
2. **Level Up/Down:** Transitions to bring states into compliance with the ruling by either allowing or prohibiting both intra-state and interstate wine shipments.
3. **Streamlining:** Simplifying existing statutes and removing overly burdensome regulations. For example, Virginia and Georgia removed vintner background check requirements for licensure, and New Hampshire eliminated its annual license fee.

As originally predicted, wineries gradually expanded their shipping practices to include newly opened states. And the complexity of state regulations and reporting has increased dramatically: in total, the permit states require wineries to submit more than 700 reports annually. Not surprisingly a new industry has emerged to help wineries manage compliance. ShipCompliant, for example, was founded in 2000 and provides compliance tools to more than 1,100 wineries with 2,200 wine brands. But the company reports that, of the wineries that direct ship, less than 7% of them ship to 11 states or more, so the gradual expansion of shipping is predicted to continue.

Coalition for Free Trade, the non-profit legal foundation whose legal team was instrumental in bringing the issue before the U.S. Supreme Court, has focused on three priorities since the ruling:

1. **Eliminating Capacity Caps:** The 1st Circuit U.S. Court of Appeals ruled in January that Massachusetts’ prohibition on shipments from wineries producing over 30k gallons was unconstitutional.

2. **Removing Mandatory Winery Visit Requirement:** Prohibits shipments unless consumer first visits winery premises.
3. **Removing Wholesaler Exclusions:** Prohibits wineries with existing wholesaler representation from direct-to-consumer shipping

Grape Liberation Month: National Consumer Toast, Winery Offers

Free the Grapes! will search for the “official” toast to commemorate the fifth anniversary of the ruling on Sunday May 16, 2010. The association’s Facebook page and website will carry toast entries as well as special winery offers to celebrate Grape Liberation Month.

For more information, visit www.freethegrapes.org

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Media Contact: Sean Carroll, Free the Grapes! (707) 254-1167, carroll@bensonmarketing.com

Sources:

- Number of legal states as of 3/31/2010.
- Consumer market consumption from Adams Wine Handbook, 2007.
- Number of wineries from www.wineinstitute.org.