

# **Zoom Webinar Instructions**



### Chat

Communicate to the panelist and other attendees via the chat function.

### Q&A

To ask a question of one of the panelists, use the **Q&A** function.



### **Motions**

To make a motion, use the raise hand function and you will be un-muted to state your motion.



### **Roll Call**



### A Message from the Governor

The Honorable Gavin Newsom – Governor of California



AGENDA ITEM NO. 2(a)

# **Approve Minutes of Last Meeting** (Dec. 10, 2020)



AGENDA ITEM NO. 2(b)

# **Bank of America Line of Credit Resolution**



## **Board Changes**



### **Member Relations**

Ian Blue – Member Relations Director, Wine Institute

# **New Winery Members**



NAME	CITY	COUNTY	
Center of Effort Wines	Arroyo Grande	San Luis Obispo Co.	
Cimarossa	Angwin	Napa Co.	
eStCru	Santa Rosa	Sonoma Co.	
Gramm Vineyards	Santa Rosa	Sonoma Co.	
Little Ridge Vineyards	Capitola	Santa Cruz Co.	
Longboard Vineyards	Healdsburg	Sonoma Co.	
Pacific Wine Services	Paso Robles	San Luis Obispo Co.	
Red Car Wine	Sebastopol	Sonoma Co.	
Sloughhouse Vineyard	Sloughhouse	Sacramento Co.	
Terra Sávia	Hopland	Mendocino Co.	



### **Election of New Members**

# **New Associate Members**



NAME	CITY	SPONSORS	SUMMARY
GHD	Fresno, CA	The Wine Group; Lava Cap Winery	Full-service engineering, including traffic/transportation, compliance, permitting, planning, and more.



### **Election of New Members**



# **Guest Speaker**

Eric Hirata – Alcoholic Beverage Control (ABC) Director

# **ABC Update**



Eric Hirata, Director

# **ABC Regulatory Relief**

#### Temporary Fee Relief Extensions for License Renewal Payments

o Extended license fee renewal deadlines by 30 days.

#### Expansion of Licensed Footprints (Allowing Outdoor Dining)

o Allows licensees to expand their outdoor footprint.

#### Sales of Alcoholic Beverages To-Go

o Permitted cocktails to-go.

#### Deliveries to Consumers

Expanded delivery opportunities to consumers.

#### Free Delivery

o Authorized free delivery of alcohol.

#### Delivery Hours to Midnight

 Allows manufacturers and wholesalers to deliver to midnight (current restriction is to 8pm).

#### Returns of Alcoholic Beverages

 Allows manufacturers and wholesalers to accept returns of alcohol from retailers.

#### Retail-to-Retail Transactions

 Allows retailers to sell and purchase alcohol from one another (normally prohibited).

#### Extension of credit

 Allows manufacturers and wholesalers to extend credit to retailer for more than 30 days (normally there is a 30-day limit).

# **ABC Regulatory Relief**

#### Licensees Without Kitchen Facilities to Partner with Meal Providers

 Allows bars to partner with businesses that prepare meals (kitchen, food truck, restaurant) to allow bars to serve meals with alcohol.

#### On-sale Retailers Exercising Off-Sale Privileges

o Allows alcohol to-go

#### Charitable Promotions and Sales in Connection with COVID-19

 Allows a portion of alcohol sales to be donated to a charitable organization which provides relief related to COVID-19.

#### Distilled Spirits Manufacturers to Manufacture Hand Sanitizer

o Allows spirits manufacturers to manufacture hand sanitizer.

#### Drive-Thru Windows for Off-Sale Transactions

o Allows purchase of alcohol through drive-thru window.

#### Virtual Wine Tastings

 Allows virtual wine tastings (normally winery must sell wine on licensed premise)

### On-sale Licenses Without Kitchen Facilities Allows for bars to operate as restaurants

#### Virtual Meet the Winemaker or Brewer Dinners

 Allows restaurants to partner with wineries or breweries for virtual events/dinners. (normally this must occur on licensed premise)

#### Relief from Type 75 Requirement to Produce 100 Barrels of Beer Annually

Statute requires any holder of a Type-75 Brewpub-Restaurant license to produce a minimum of 100 barrels of beer annually

### State Public Health Orders







- ✓ 226,653 In-Person Visits
- √ 2,172 Warnings
- √ 243 Citations Issued
  (Restaurants and Bars)



SECTOR	Widespread	Substantial	Moderate	Minimal
	Tier 1	Tier 2	Tier 3	Tier 4
Wineries	Outdoor Only with modifications	Outdoor Only with modifications	Open Indoors with modifications *Max 25% capacity indoors, or 100 people, whichever is fewer	Open Indoors with modifications *Max 50% capacity or 200 people indoors, whichever is fewer

.....

.....



- Accepting RBS Training Provider applications
- Alcohol servers will be able to register for RBS training beginning March 22, 2021



Eric Hirata

Director
(916) 419-2510

eric.hirata@abc.ca.gov



## **Chairman's Report**

John Sutton – CFO, The Wine Group



### **President's Report**

Bobby Koch – President & CEO, Wine Institute



AGENDA ITEM NO. 8(b)(i)

## **California State Relations Update**

### **Legislative Preview & Wildfire Update**

Tim Schmelzer – Vice President, California State Relations



### **Alcohol Policy**

- **COVID-19:** Most bills are focused on "locking in" privileges that were expanded during pandemic, such as expanded premises, and "to-go" cocktails. SB 314 is most notable in this regard.
- **DIRECT-TO-CONSUMER:** There are efforts by both craft spirits and beer industries to allow for direct-to-consumer privileges. DISCUS opposes privilege being extended only to "craft" distillers.
- Wine Institute is supporting legislation to allow for an additional DUPLICATE LICENSE LOCATION and to participate in charitable fundraising.



### Covid-19 Policy

- MIXED BAG: Legislation generally falls into two camps: financial relief or extension of labor benefits.
- **NOTABLE EFFORTS:** Small business grants, PPP tax deductibility, and extended paid sick leave.

### **Labor Policy**

- **SPOT BILLS:** Very few bills of substance have been introduced, but there are a worrisome amount of spot bills.
- **LEAVE:** Several substantive bills introduced focus on expanding existing employee leave programs.
- enact this policy.



### **Environmental Policy**

- **RECYCLING:** There are several concurrent efforts in this area. Senator Allen is expected to push for a plastics-only single-use recycling bill and Senator Dodd will be leading efforts at reforming the Bottle Bill such that wine & spirits can participate on more favorable terms.
- CLIMATE CHANGE/WATER POLICY: There are several bills aimed at additional goal-setting and reporting on climate change. Additionally, AB 377 would require that all water quality standards be met by 2030, upending a system of regional and state agency discretion, and decades of effort by the regulated community.

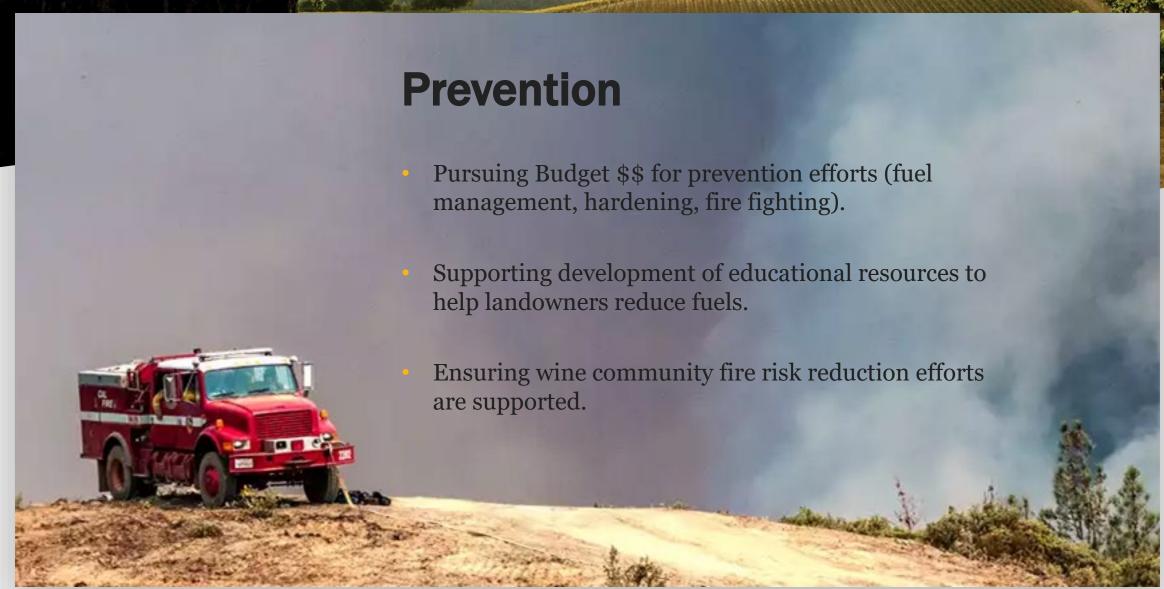


### **Wildfire Policy**

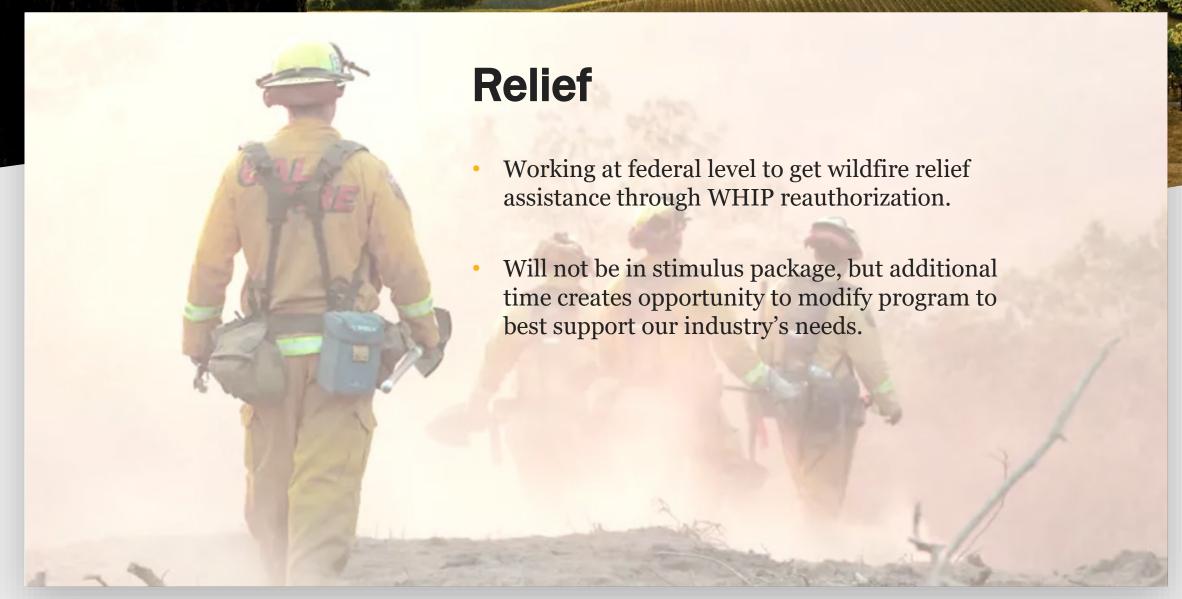
**BIG FOCUS THIS YEAR:** We are tracking 43 wildfire bills and 2 bonds.

- BUDGET: We are supporting budget efforts for local fire prevention and education efforts.
- ACCESS: AB 1103 would ensure agricultural businesses could enter their property to care for their crop.
- **PREVENTION:** Bills have been introduced to eliminate conflicts with Dept. of Fish & Wildlife and provide liability relief for prescribed burns.
- **HARDENING:** Assistance being offered for retrofitting structures and creating defensible space.











### Research

- WITAC leading efforts to "measure, mitigate, and prevent" smoke exposure to grapes.
- Working group formed on "Fire Impact" within FIVS, including partners in Australia, plus European and South African trade associations.







### **Questions?**

Tim Schmelzer

Vice President, California State Relations

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AGENDA ITEM NO. 8(b)(iii)

# **State Legislative Update**

Steve Gross – Vice President, State Relations

# **Topic Summary for Today**



- 1. Taxes
- 2. Environmental Legislation
- 3. DTC Shipping Issues
- 4. RTDs & Low-Proof Spirits Reclassification
- 5. COVID-19 Relief Legislation

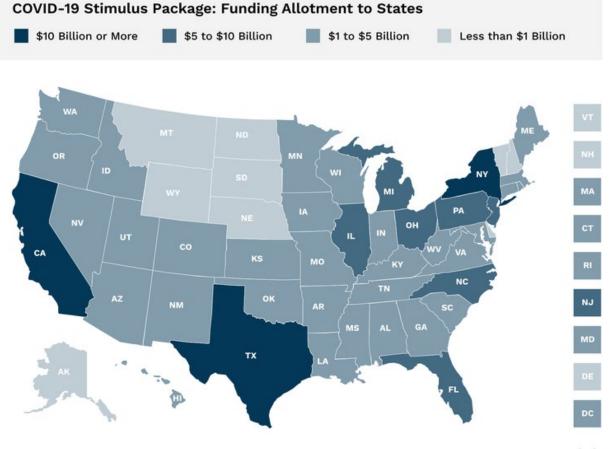


# **COVID-19 Stimulus Package**



# STATES WILL RECEIVE \$195.3 BILLION, OR 60% OF THE CORONAVIRUS RELIEF FUND (CRF):

California: \$26.264 \$16.824 Texas: New York: \$12.665 Florida: \$10.310 \$7.549 Illinois: Pennsylvania: \$7.349 \$6.483 New Jersey: Michigan: \$5.698 \$5.681 Ohio: North Carolina: \$5.316



### **Current Greatest Tax Threats**



### **Oregon: H 3296**

- Oregon Recovers (with support from Oregon Health Authority)
- Wine tax increase \$10.00/gal (\$0.67/gal to \$10.67/gal)
- Beer tax increase &70.00/brl (\$2.60/brl to \$72.60/brl)
- Spirits increase (markup formula increased by 20%)

# Illinois: Governor & Legislative Leadership

 Considering excise tax increase in budget to fill shortfall

### Hawaii: H 771 & S 1232

- Both would have added a 1-cent per drink excise tax increase as drafted
- S 1232 increased to 10-cents per drink (\$2.56/gal) in Senate Commerce, deferred in Ways & Means / H 771 awaiting hearing

### New Mexico: H 255

• 5% (now 2%) on-premise drinks tax (license pkg.)

# **Environmental Legislation**



# **Bottle Bill Expansion/Creation to Include Wine**

• 7 states (CT, IL, MD, MI, OR, RI, VT & WV)

# **Expanded Producer Responsibility** (EPR), Plastics, ADF, etc.

- EPR focus in 4 states so far (HI, NY, OR & WA)
  - Announcement of 10 state EPR compact
- Plastics mandates: NY, OR, WA
- ADF proposals: HI, CT (general New England discussion topic)

# DTC Shipping - Positive Bills



### **Opening States**

- Alabama: S 138 bill moving with amendment
- Mississippi: both bills died in Committee

### Fixing/Improving Open DTC States

- Kentucky H 415 moving
  - Fixes Fulfillment House and AP issues
- Nebraska: L 80 Reduced permit fee from \$500 to \$250
- New Jersey & Ohio: good progress on 250K capacity cap removal
- Arkansas & Rhode Island: removal of on-site requirements
- Wyoming increase from 4 to 12 cases effective 7/1/21

# DTC Shipping - Addressing Challenges



### **Fulfillment Houses**

- Tennessee: H 742 & S 705 would ban the use of fulfillment houses
- Kansas: H 2252 would license fulfillment houses this one works

### **Common Carriers**

- Hawaii: H 824 & S 1241 would fix statewide report filings
- Oklahoma: would require volume in boxes, which is not doable for the carriers

### **Retailer, Beer and Spirits DTC**

10 states so far this year

# RTDs & Low-Proof Spirit Classification



### **GENERAL ISSUE:**

# A push to move to lower tax rates, gain more outlets and move to private distribution in control states

12 states currently have bills

### **WINE INSTITUTE'S GOALS:**

- Protect wine from any tax/access disadvantages
- Avoid non-wine products being "classified as wine" simply to gain distribution and tax advantages



# **COVID-19 Relief Measures**



### Tax/Fee Relief

• Dozens of states are granting sales tax holidays, licensing relief and fee waivers

# Delivery, Take-Out and Curbside for Both On- and Off-Premise Licensees

• 34 states have nearly 100 bills pending dealing with this issue





## **Questions?**

**Steve Gross** 

Vice President, State Relations

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AGENDA ITEM NO. 8(b)(iii)

# **International Public Policy Update**

### Wine & Health

Charles Jefferson – Vice President, Federal & International Public Policy

# WHO Global Alcohol Strategy (GAS)

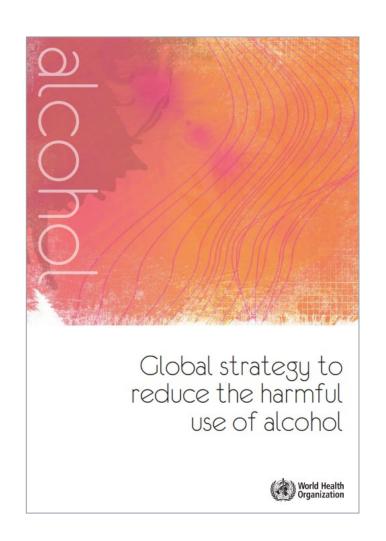


### 2010 First Edition Published

Focus on harmful use

# 2020 WHO EB directs drafting of "Action Plan to Accelerate Implementation of GAS"

 Focus shifting to per capita consumption



# WHO Action Plan - Where It Started



# "The Global Strategy was developed to promote and support... actions to prevent and reduce the harmful use of alcohol."

Page 1, WHO working document on GAS Action Plan, Nov. 2020

# WHO Action Plan - Where It's Going



# "Between 2010 and 2018 no tangible progress was made in reducing total global alcohol consumption per capita."

Page 2, WHO working document on GAS Action Plan, Nov. 2020

# WHO Action Plan - Ultimate Objective



# "Alcohol remains the only psychoactive and dependence-producing substance... not controlled at the international level by legally-binding regulatory instruments."

Page 4, WHO working document on GAS Action Plan, Nov. 2020

# **SAFER: Best Buys 2.0**



### **WHO Toolbox Remains the Same**

Strengthen restrictions on alcohol availability

Advance and enforce drink-driving countermeasures

Facilitate access to screening, brief interventions and treatment

Enforce bans or comprehensive restrictions on alcohol advertising, sponsorship and promotion

Raise prices on alcohol through excise taxes and other pricing policies



## **WHO Timeline**



### **Timeline for Action Plan Adoption**

APRIL 1st Draft of AP released

APRIL - JUNE Consultations with Member States (MS) and Alcohol Sector

JULY - AUG. 2nd Draft of AP released

AUG. - NOV. Further MS consultations on 2nd Draft

FEB. 2022 WHO EB to consider and make recommendation

MAY 2022 World Health Assembly considers AP for adoption

# **Alcohol Sector Fully Engaged**















**ABInBev** 















- Keep focus on harmful use, whole of society approach
- Ensure positive contributions of sector are recognized
- Roll out proactive commitments in parallel with WHO consultations:
  - E-commerce
  - On-label health information

# FIVS Playing Critical Role for Wine



### **Ensuring Wine Has a Voice**

- Wine sector highly fragmented
- Wine is unique agricultural product that faces seasonal challenges
- Production and labeling regulations far more restrictive than other categories
- Highlight leadership on sustainability



# WHO Efforts Impacting Public Policy



### **POLITICO**

MESSAGE ON A ROTTI

## Lethal labels: Alcohol makers fight to avoid the tobacco taboo

Booze carries none of the gory images and dire cancer warnings found on cigarette packets.



BY KAIT BOLONGARO

March 21, 2018 | 11:00 am

- 2016 South Korea first to mandate cancer warning
- 2018 Ireland mandates cancer warning, in litigation
- 2020 Australia/NZ mandate new pregnancy warning
- 2020 US groups petition TTB for cancer warning
- **2021** EU announces new warning label

# **EU Cancer Plan Includes Warning Label**





# "The Cancer Plan aims to raise awareness of and address key risk factors, such as cancers caused by... harmful alcohol consumption..."

European Commission's "Beating Cancer Plan" (Feb. 3, 2021)

# **New EU Labeling Requirements**

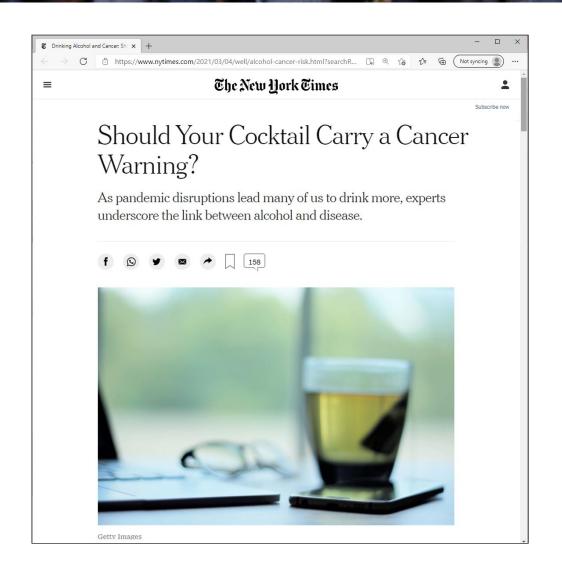


# Significant Changes in World's Largest Wine Market

- Nutrition and ingredient labeling coming by beginning of 2023
- Health warning by beginning of 2024

**CONTENT OF WARNING NOT YET CLEAR** 

EU INDUSTRY TO PUSH FOR E-LABEL OPTION





## **Questions?**

Charles Jefferson

Vice President, Federal & International Public Policy

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AGENDA ITEM NO. 8(g)

# Environmental Committee & CSWA Updates

Allison Jordan – Vice President, Environmental Affairs & Executive Director, California Sustainable Winegrowing Alliance

# 4th Edition Code Published



### 15 Chapters

### 144 VINEYARD & 105 WINERY BEST PRACTICES



www.sustainablewinegrowing.org

# 2020 Certification Annual Report



# CERTIFIED VINEYARDS



### 100% developed

measured comprehensive their water management water use on duration

### 96%

use using flow meters or other methods such as calculation based

### 88%

used drip to deliver the

### PEST MANAGEMENT

risk alternatives

before applying

nesticides and

sensitive areas.

### explored low

monitored for pests as part of an Integrated Pest Management program to prevent established buffer and manage pests zones to protect

### 100% 86%

used cultural

practices, such as cover crops and leaf removal to pests and reduce the need for pesticides.

### HEALTHY SOILS

90%

allowed vegetation to grow in the vineyard,

used plant tissue analysis used cover crops make nutrient to improve decisions. soil health and

reduced or eliminated tillage to lower the rate of organic matter improve soil

88% reduced energy use through water pump improvements. which targeted

in the vineyard.

conducted an vineyard irrigation pump within the the largest energy saving opportunity

tracked the fuel technologies to increase fuel efficiency.

### ENERGY EFFICIENCY

energy audit of the used and utilized

# **CERTIFIED**

### WATER EFFICIENCY

pre-cleaned their equipment and used high pressure/low volume nozzles to save water during

100%

separated glass

into recyclable

glass and non-

recyclable lab

glass, and disposed

lab glass as solid

### 92% measured total water use and

monitored water use throughout part of water conservation

₩ASTE MANAGEMENT

81%

conducted a

solid waste audit

within the last

five years and

monitored solid

throughout the

composted

pomace and lees

onsite for use

landscaping.

on vinevards or

reused winery efficiency water by applying it in the improvements vineyards and/

### to refrigeration is the largest energy user in

95%

### SUPPLY CHAIN

included environmental considerations in purchasing decisions, and into alternative materials and

### 93%

control costs

and increase

profitability.

reused packaging material from suppliers at the winery, such as cardboard boxes. products.

### 90%

requirements for

procured services

asked service providers about their environmenta practices and included environmenta consideration

### ENERGY EFFICIENCY

### 91%

vineyards created or maintained nesting habitat such as bird boxes or natural conducted an implemented a renewable energy energy audit of their winery system such as to save energy, solar power and

drainage systems on slopes if needed. quality. or received power from a third-party EMPLOYEES renewable power

94%

of certified

### 97%

of certified vinevards and wineries benchmarked compensation levels within the competitiveness.

91%

of certified

vineyards used

practices such

as cover crops

to minimize or

eliminate rainfall

runoff, and added

STEWARDSHIP

### 89%

of certified wineries of certified and 74% of vinevards and certified vineyards 94% of certified conducted safety audits and employee safety employees to

### NEIGHBORS

COMMUNITY

### 83%

of certified

vinevards

preserved or

buffer strips

protect water

**78**%

on banks or

99% of certified vinevards provided created vegetative and responded to community concerns to create meaningful

### of certified wineries contact information understood how winery operations may have affected neighbors and community

98%

stakeholders.

of certified wineries implemente dust from roads

66%

### CONTRIBUTIONS

### 99%

relationships.

95% of certified and 82% of wineries and 91% of certified certified vineyards enhanced the arts vinevards and culture in provided other their community contributions t through financial contributions or

### **74%**

of certified wineries of certified vinevards and 82% of certified volunteered to benefit the



*Download reports:* sustainablewinegrowing.org



CALIFORNIA SUSTAINABLE WINEGROWING ALLIANCE

## **Certification Continues to Grow**





2,247
Certified Vineyards
farm
204,000 acres
(32% of CA winegrape
acres\*)



171
Certified Wineries
produce
255 million cases
(80% of CA wine\*)



Certified Wine
9.4 million cases
bear the new logo
(113 million bottles)

\* Another 15% are certified to:







# **Grant: Research, Education, Promotion**

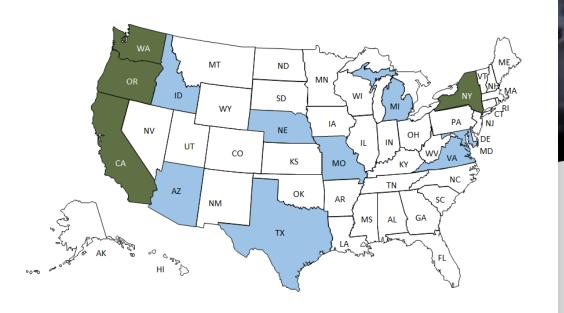


60

### \$300,000: Nov. 2018 - Aug. 2021

## PARTNERING WITH CA, NY, OR & WA ORGANIZATIONS

- Common definition and principles
- Consumer and trade research and promotions
- Two Sustainability Summits
- State-specific promotions





# U.S. Sustainability Summit & Tasting



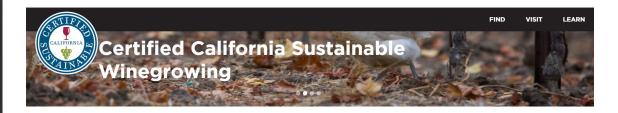


- Tasting & Seminar
- Keynote: Observations & Trends
- Communications Workshop
- Vineyard & Winery Tour
- Climate Resiliency
- Diversity, Equity & Inclusion

Featuring: Evan Goldstein, Ray Isle, Esther Mobley, Elaine Chukan Brown, Julia Coney and winegrowers From CA, OR, NY and WA

# **New Certification Website**





### Do yourself a favor. Do the planet a favor. Choose Sustainable.

From grapes to glass, sustainable wines are made by people who believe that sustainability matters. They've made choices to use sustainable practices in the vineyard and winery, so you can feel good about the wine choices you make. These are wines on a mission.



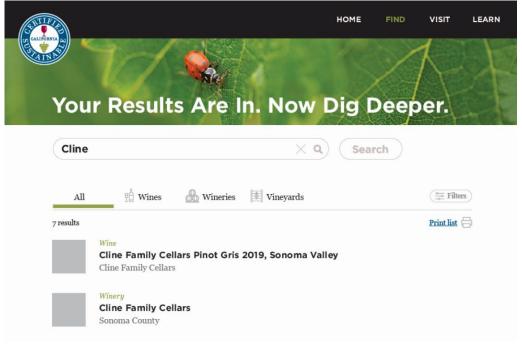
**FIND**Certified wine, wineries and



**VISIT**Certified wineries that welcome you



**LEARN** about sustainable winegrowing



Searchable database of Certified Wines, Wineries & Vineyards

# **Grant: Compliance & Recognition**



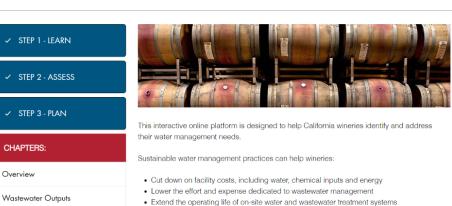
### \$235,000: Nov. 2018 - Aug. 2021

### REGULATORY COMPLIANCE TOOLS & RECOGNITION

- Vineyard & Winery Compliance Tool, INMP Tool and Integrated Winery Water Tool
- Workshops and resources addressing compliance issues
- Other regulatory recognition opportunities

### **Integrated Winery Water Quality Management Tool**





. Build resiliency and reduce future risks to the operation

- CSWA's complementary guides and resources can help wineries assess the costs and benefits of sustainable winegrowing practices, including detailed budgeting, auditing and assessment tools. These assessment and planning tools are integrated throughout this tool. Learn More.
- START WITH STEP 1 LEARN

· Improve environmental outcomes

Wastewater Sources

Water Use Tracking

Treatment Systems

Sustainability Strategies

Cleaning and Sanitation

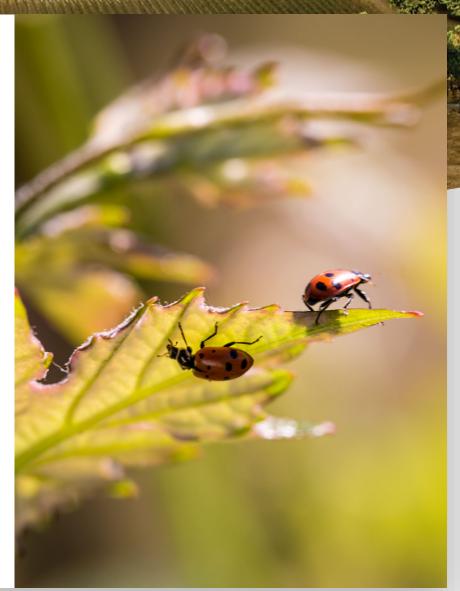
# **Crop Protection Steering Committee**



### New Technical Assistance for Specialty Crops Grant \$650,000: Five Year Grant (2021-2026)

### NEW TECHNICAL ASSISTANCE FOR SPECIALTY CROPS GRANT

- Monitor, track and inform wineries and winegrape growers of international MRL changes.
- Conduct research to assess the economic impact of lower MRL on the U.S. wine industry and to identify alternative crop protection materials and best management practices.
- Conduct outreach and education for growers and wineries to share MRL information, economic impact, and research findings.



# Green Medal 2021



### Applications due April 2, 2021





## **Questions?**

Allison Jordan

Vice President, Environmental Affairs

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### **AGENDA ITEM NO. 9**

## **Unfinished Business**



### **AGENDA ITEM NO. 10**

### **New Business**



### AGENDA ITEM NO. 11

# **Adjournment**