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Hundreds of California Winemakers Set To Lose Wine Shipping Rights to Illinois

—Pending Illinois Law Hits CA Winemakers Without Winemaking Facilities—

(Sacramento, Calif) Upwards of 500 California wineries will be prohibited from shipping wine to consumers in Illinois if pending legislation in that state becomes law. These California winemakers have “Type 17” and “type 20” licenses issued by the California Alcohol Beverage Control that allow them to make wine at facilities they do not own themselves. These winemakers’ official status in California as “retailers” and “distributors” put them at odds with Illinois House Bill 429 that would only allow “wineries” to ship into the state, according to the Specialty Wine Retailers Association.

"The 500-plus California brands these winemakers produce range from highly boutique and coveted to being very large and well distributed, to everything in between," explained Tom Wark Executive Director of the Specialty Wine Retailers Association that is opposing HB 429 in Illinois. "I suspect these winemakers will be very surprised when they are told by the state of Illinois that even though they make wine, they are prohibited now from shipping into the state they've had access to for 15 years."

Alcohol Distributors’ Efforts to Shut Down Wine Retailers hits some Winemakers hard

California winemakers that hold type 17 and type 20 licenses tend not to own their own winemaking facilities, but rather do their winemaking at other wineries or at “custom crush” facilities. However, their wine brands and wines are often among the most famous in the state. In many cases these “virtual wineries” depend heavily on direct shipment of wine to consumers. Yet, their California licensing identifying them officially as retailers and wholesalers will keep them out of the Illinois direct shipping market just as all California wine stores would be prohibited from shipping to Illinoisans if HB 429 becomes law.

Cameron Hughes, the owner of San Francisco’s Cameron Hughes Wines, is one of hundreds of California winemakers who hold a 17/20 license combination. Hughes has thousands of customers across the country, including in Illinois.

“This kind of law is an unbelievable power grab by entrenched business interests seeking to limit consumer choice,” Hughes charges. “Not only is it legally dubious and in direct opposition to the ‘Granholm’ Supreme Court decision, it’s a big middle finger to Illinois consumers.”

Specialty Wine Retailers Association is suggesting California winemakers holding a combination 17/20 license contact their customers in Illinois and urge them to tell their legislators to vote no on HB 429.

“These California winemakers are caught in the middle of an effort by wine distributors nationwide to shut down retailer-to-consumer shipping for sake of protecting their own market,” explained Wark. “Our position is that consumers should have access to all wine retailers nationwide and that the 2005 Granholm v. Heald Supreme Court decision compel states to treat in-state and out-of-state wine retailers, as well as wineries, equally when it comes to direct shipping regulations.

The legislation has passed the House and is currently waiting to be voted on in the Illinois Senate.

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