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# *Committee Meeting*

of

## SENATE STATE GOVERNMENT, WAGERING, TOURISM AND HISTORIC PRESERVATION COMMITTEE

*“The Committee will hear testimony from invited speakers and the public  
on the impact of agritourism on the New Jersey economy  
and how the State can help the industry grow”*

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**LOCATION:** Amalthea Cellars Winery  
Atco, New Jersey

**DATE:** July 9, 2018  
2:00 p.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Senator James Beach, Chair  
Senator Samuel D. Thompson



### **ALSO PRESENT:**

Raysa Martinez Kruger  
Andrew J. Ward  
*Office of Legislative Services  
Committee Aides*

Louis Couture  
*Senate Majority  
Committee Aide*

Theodore Conrad  
*Senate Republican  
Committee Aide*

***Meeting Recorded and Transcribed by  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***

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Chairman

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**New Jersey State Legislature**  
**SENATE STATE GOVERNMENT, WAGERING,**  
**TOURISM AND HISTORIC PRESERVATION COMMITTEE**  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

**REVISED**  
**COMMITTEE NOTICE**

**TO: MEMBERS OF THE SENATE STATE GOVERNMENT, WAGERING, TOURISM & HISTORIC PRESERVATION COMMITTEE**

**FROM: SENATOR JAMES BEACH, CHAIRMAN**

**SUBJECT: COMMITTEE MEETING - JULY 9, 2018**

*The public may address comments and questions to Raysa Martinez Kruger, Committee Aide, or make bill status and scheduling inquiries to Kristi L. Cannella, Secretary, at (609)847-3890, fax (609)777-2998, or e-mail: OLSAideSSG@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**The Senate State Government, Wagering, Tourism & Historic Preservation Committee will meet on Monday, July 9, 2018 at 2:00 PM at Amalthea Cellars Winery, 209 Vineyard Road, Atco, New Jersey, 08004.**

**The Committee will hold a meeting to hear testimony from invited speakers and the public on the impact of agri-tourism on the New Jersey economy and how the State can help the industry grow.**

Issued 7/2/18

Revised meeting no longer joint with the Senate Economic Growth Committee.

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

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**SENATOR JAMES BEACH (Chair):** We'd like to come to order.

Would everyone please rise?

Senator Thompson, would you lead us in the Pledge of Allegiance? The flag is back there (indicates).

(all recite Pledge)

**SENATOR BEACH:** Thank you, Senator.

**SENATOR THOMPSON:** Thank you.

**SENATOR BEACH:** I would just remind people, as we call you up to speak, if you would come up to the front table; please introduce yourself and your title before you begin your testimony. I would appreciate that.

And before we begin, I would thank Lou Caracciolo, who is the owner and chief wine maker of this beautiful establishment, Amalthea. And Lou, thank you so much for hosting us. (applause) He's kind of shy, hiding behind the wine barrels. (laughter)

Our first speaker today is Secretary of Agriculture Doug Fisher.

Secretary, please come up.

**S E C R E T A R Y   D O U G L A S   H.   F I S H E R:** Thank you, Senator.

My goodness, this is like old times--

**SENATOR BEACH:** It is. (laughter)

**SECRETARY FISHER:** --in the Legislature.

**SENATOR BEACH:** Only, you used to be on this side (indicates).

**SECRETARY FISHER:** That's right.

SENATOR THOMPSON: I remember it too.

SECRETARY FISHER: Thank you, Senator.

Well, first of all, it's great to be here at Amalthea, an extraordinary winery with a fabulous reputation. And to Lou Caracciolo, who has always been a steadfast supporter of the wine trade, I am so glad that he hosted it today. I'm glad that you're down here, talking about tourism and the economic benefits of agritourism and, I guess, in particular, the winery sector.

So I was just going to give a little bit of the overview from that perspective, in terms of the wineries in New Jersey.

In a five-year review, the winegrowers showed a 73 percent increase in New Jersey wine production, from 2011 to 2016. It went from almost 405,000 gallons to 702,000 gallons this past year, which is an increase of 39.9 percent; from \$231 million to \$323 million.

So now, in New Jersey, we have more than 50 wineries, many winning national and international awards. And it's up from 38 in 2011.

Many of them are small -- considered small by the Federal government, meaning that they produce less than 5,000 cases per year. And they sell direct to consumers.

We also know that many of them sell from wine shipping. And I appreciate the Legislature for doing the bills that came from an outgrowth of a hearing similar to this, where people came to talk about their particular niche -- in this case, wineries -- and what could be done. And that was one of the things that was signed into law -- for direct shipping.

So grape-bearing acres, in the five-year period, increased from 1,283 to, now, 1,600 acres in grape acreage, which is a 23 percent increase.

We also know, from the Department of Agriculture, that there is interest in securing the opportunity to have more acreage because we need that additional acreage because the wineries are using every last drop of what they produce in a grape crop.

The payroll -- when you talk about economic impacts -- was \$85 million in 2016.

All these indicators are good indicators; and it's a thriving industry. Our craft breweries, our wine industry, and so many others -- that we're excited that the Legislature continually is asking what they can do. And I know we're going to hear more today about what the public is asking and what would be considered for legislators and for the Governor

By the way, the Governor is a big New Jersey wine fan, and he sends his greetings today. And we had a conversation just recently about that.

We continue to try to make this sector even stronger. And this year, at the State ag convention, which is where all the delegates meet in Atlantic City -- to extend the pilot program on special events at wineries so that more data could be gathered about the impacts of those events. And Governor Murphy just signed that bill recently.

The SADC is the one that works on the regulation for special occasion events; certainly weddings and any of those events -- life cycle events that are held on wineries -- that help to improve their bottom line; which is also a magnification of the ag tourism and the economic benefits.

So we're making sure, though, that while that increases our bottom line, we want to make sure that we get the rules right. And we

have, as I said, a two-year extension for that so that the community at large will be very supportive. And there is always a balancing issue.

One of the issues that is in front of the wineries is regarding septic systems. And we're working now -- once we heard about this -- with the DEP and local agencies. I recently spoke to Commissioner McCabe, and we're going to try to get our arms around that.

On the marketing side, the New Jersey Department of Agriculture is promoting our new *Find Jersey Fresh* website. So if you're bored with anybody's testimony today, just go on the *Find Jersey Fresh* website. (laughter). Even mine; it's okay. There's a great amount of information and (indiscernible) to direct to consumers. And we're building that site for all forms of agritourism, and many other farm events, and pick-your-own; if you just want to find products that are Jersey Fresh on farm. It features recipes, and it pairs well with the New Jersey wines.

Lastly, I would say that the Department, of course, administers the State Winery Industry Advisory Council Funds. That's the money that wineries pay in taxes. Fifty percent comes back to them in grants from that money; and that's where they do things like the Wine Trail and other really popular events.

Forty-seven cents out of the ninety-four cents a gallon goes right into that fund; \$280,000 last year came into the wine industry from the advice of the Wine Advisory Council. Part of that money goes to the New Jersey Center for Wine Research and Education at Rutgers.

We are also looking for ways to increase value-added products. In fact, I just spoke to our friends at Flying Fish today and asked them if

they had any interest -- they said they did -- of incorporating Jersey Fresh products into some of what they produce.

Lastly, \$40,000 comes from the Specialty Block Grant money from Washington. And \$40,000-- The State Board of Agriculture allocated \$40,000 this year to one of the funds that they're doing, which is to increase the enhancement of some of the higher-end wines of New Jersey, to inform the public and to educate the public just about how great their wines are.

So I am delighted that we're here today. Thank you for the opportunity to say a few words. And of course, we're anxious to hear what some of the concerns are, just as you are, and to see where we can help in agritourism and in various sectors, like our wineries.

So, thanks; thank you, Senator.

SENATOR BEACH: Thank you, Mr. Secretary.

Before you leave, though, are there are any questions?

Senator, any questions? (no response)

I have one question, because I understand one of the issues, as far as growing vineyards in New Jersey, a farmer -- and I'm not sure; I believe it's three years before you reap any benefit.

SECRETARY FISHER: Yes, it takes--

SENATOR BEACH: And that's a long time--

SECRETARY FISHER: It can be even more.

SENATOR BEACH: --for someone to dedicate their farmland to growing grapes.

Can you, maybe, talk about that a little bit? And what would -- what should we be doing to offset initial losses for long-term gains?

SECRETARY FISHER: Right. Well, first of all, anybody who has a winery is doing it out of a labor of love. I can tell you that from meeting almost everyone who is in it. They have some experience that draws them to the land to be able to do that. It's not an easy business; that's why I say you have to have that passion for it.

It doesn't take three years; it takes about -- it takes a few more years than that to really even get working to a point where -- I'm sure Lou will educate you more -- but to get where it's really a producing, profitable operation.

So I know that you have some legislation that talks about creating a fund -- an economic development fund to be able to bridge that gap--

SENATOR BEACH: Right.

SECRETARY FISHER: --to try to get -- for loans or grants.

SENATOR BEACH: Right.

SECRETARY FISHER: I mean, I'm not sure what the-- That's why I'm here today -- to hear what the bills are; that bill is.

SENATOR BEACH: Okay.

SECRETARY FISHER: But they definitely need help on the front end to get to a profit on the back end. And that can be of great help to them.

SENATOR BEACH: Yes.

SENATOR THOMPSON: As a follow-up to his question, you just mentioned that, thus, could someone starting a winery -- a vintner, etc. -- qualify for EDA assistance?

SECRETARY FISHER: Well, we don't know too many who have actually asked. So I know that -- maybe because the projections are so long-range, I'm not sure. Because-- And that's one of the things that we want to hear.

SENATOR THOMPSON: I'm just-- What I'm asking here is, the way EDA is set up, would they qualify for it if they wanted to? That's what I'm wondering.

SECRETARY FISHER: I'll let somebody else speak to the actual requirements of it.

SENATOR THOMPSON: If not, that might be something we could look into.

SENATOR BEACH: Okay.

SENATOR BEACH: All right.

Nothing else?

Go ahead; yes, sir.

SECRETARY FISHER: By the way, the last thing. I know that being a former member of the Legislature -- I didn't realize you still have to sign in. They told me once you're a member, you-- (laughter)

SENATOR BEACH: Yes; I was going to point that out. If anybody would like to testify, we have slips on the back table there; and we even made the Secretary of Agriculture fill out a slip. (laughter)

SECRETARY FISHER: That's right.

SENATOR BEACH: So even though he is so important to us all, he still has to follow the rules.

SECRETARY FISHER: That's right.

Thank you, Senator.

SENATOR BEACH: Thank you, Mr. Secretary.

SECRETARY FISHER: And Tom Beaver is here today. He is the Director of Markets.

SENATOR BEACH: Okay, cool.

SECRETARY FISHER: And any specific questions you have about markets, I hope you'll entertain with him.

SENATOR BEACH: Okay. And Tom, if you're going to testify, you know, you have to fill out a slip too. (laughter)

SECRETARY FISHER: No, he's not testifying.

Thank you, Senators.

SENATOR BEACH: Thank you, Mr. Secretary.

One other comment before we continue with our testimony.

I just want to point out that we were supposed to have the Senate Economic Growth Committee here with us. And Senator Cruz-Perez is the Chairperson of that Committee. She is soon to be a grandmother, and got the call and canceled her half of the meeting. So I think that being a grandmom is a little more important than sitting here in a winery. (laughter) At least until afterward, when we have our wine tasting. (laughter)

Just to point that out.

Next, we have Jeff Vasser.

Jeff.

**J E F F R E Y S. V A S S E R:** Thank you, Senator.

Good afternoon, everyone.

SENATOR BEACH: And please give us your title.

MR. VASSER: My name is Jeff Vasser; I'm the Acting Executive Director of the New Jersey Division of Travel and Tourism.

And I am happy to have filled out the slip. (laughter)

Thank you.

SENATOR BEACH: Thanks.

MR. VASSER: Good afternoon, Chairman Beach, and members of the Committee.

I want to thank you for inviting the Division of Travel and Tourism to be here today.

I would also like to thank the Legislature for its continued support; and Governor Murphy and Lieutenant Governor Oliver for their steadfast leadership and devotion to our mission.

And as you said earlier, I'd also like to thank Lou, our gracious host at Amalthea Cellars; and congratulate them also for their recent accolades from the Beverage Testing Institute for Europa I. For those who aren't aware, this blend of Cabernet Sauvignon, Merlot, and Cabernet Franc recently received a score of 97 points and a Platinum Medal, something the Institute does not grant easily or often. Out of 8,400 wines the Institute received over the past three years, 97 is the highest score that has been awarded. And only 9 wines have achieved that number.

So congratulations to them.

SENATOR BEACH: Absolutely. (applause)

And that will be part of the taste test -- the little tasting after our meeting.

MR. VASSER: Well, I thought there would be a pitcher right here, so-- (laughter)

SENATOR BEACH: Uh, no. I asked, but--

MR. VASSER: Well, officially nicknamed the *Garden State* in 1954, New Jersey has been working diligently for years to revitalize the farming sector. The slogan has long-confounded travelers, whose only glimpse of the State of New Jersey is from the Turnpike, with its view of refineries and fuel tanks.

However, New Jersey has found innovative ways to pump up its Garden State credibility, boosted by proximity to neighboring New York City and Philadelphia, whose citizens often consider New Jersey their own backyard. New Jersey's location may very well be the reason the Legislature approved the nickname in the first place in 1954.

Pardon the pun, but New Jersey is ripe for the picking for New York and Philadelphia, and is able to serve the huge markets the state is strategically right in the middle of. What's more, New Jersey remains a vegetable-producing powerhouse, ranking among the top 10 producers of crops including cranberries, 3rd biggest in the U.S.; bell peppers, 3rd; peaches, 4th; spinach, 4th; cucumbers, 5th; and blueberries, 5th.

Agritourism is now a source of income for one in five farms in New Jersey, which relies more heavily on agritourism than most other states. While New Jersey ranks 40th in the U.S. in total farm sales, it is 9th in the nation in terms of agritourism income. With roughly one-tenth of the U.S. population living within a 100 miles of Central New Jersey, the state is in a geographic sweet spot for agritourism. It's a popular choice for lots of consumers because it can be so flexible. An agritourism experience could be an afternoon at a local farm, or a weekend enjoying all of our wine trails.

Agritourism opportunities in New Jersey are plentiful, and presently include on-farm direct marketing -- for example, farm stands and pick-your-own operations -- to farm tours, hunting, fishing, wine tasting, hiking, farm festivals, hayrides, and corn mazes.

Agritourism continues to grow in popularity, and we are excited to help promote this growing niche market. The Division of Travel and Tourism is housed within the Department of State, and is led by Secretary of State Tahesha Way. And we are extremely grateful for her support of the tourism industry here in New Jersey.

And a focus for the Division this year will be on Secretary Way's vision of being more inclusive. The Division of Travel and Tourism is looking to incorporate the agritourism market into our public relations campaign. We are currently in the process of securing a public relations firm, and will work to include this segment aggressively.

Also, the Division is currently in conversations with the Department of Agriculture to discuss how we can cross-market Jersey Fresh products. And as the Secretary mentioned, Tom is here, and we've worked with and met with him to work on this and get more closely together on this.

People are becoming increasingly aware of the food they eat -- where food comes from and the work that goes into producing it. Educating children and adults alike about the processes that bring food from the farm to the supermarket is an important part of the agritourism venture.

Creating traditions, like going to see lambs in the springtime or picking strawberries together to make a fruit pie, or even choosing and

cutting the family Christmas tree each year, are important to many families who value the simple things in life and hope for their children to do the same.

The growth of agritourism is not a phenomenon unique to New Jersey. Across the United States, agritourism is emerging as an important product and market diversification strategy for its farmers. The potential benefits of agritourism also extend beyond the farm gate. Agritourism activities can create positive interactions between non-farmers and farmers, and raise awareness about agriculture. This understanding ultimately benefits farmers because it may help reduce right-to-farm conflicts and garner public support for farm retention policies.

In addition, agritourism contributes to and enhances the quality of life in communities by expanding recreational opportunities, diversifying economic bases, and promoting the retention of agricultural lands. In New Jersey, working agricultural landscapes reflect the efforts of generations of farm families, and often provide a defining sense of culture, heritage, and rural character.

Agritourism provides educational opportunities for school children and adults to learn about the state's agrarian heritage, the production of food, and resource stewardship. Not to mention, many agritourism operations provide consumers with direct access to fresh, locally produced farm products.

Behind all of these bushels and cases of goodies are many New Jersey grown stories of family farms, plenty of which invite you to come and take a look, and taste, and sip.

A study commissioned by the Garden State Wine Growers Association revealed that New Jersey's wine, grape, and related industries had a total economic value to the State of \$323 million in 2016. That's an increase of nearly 40 percent from the \$231 million economic impact in 2011. The report also estimates that about 109,000 people visited New Jersey wineries in 2016, an increase of 13.5 percent just five years earlier.

We are excited to continue to spread the word about New Jersey wine; about it being a serious global contender. The progress the tourism industry has witnessed would not be possible without your ongoing support. You have given us the tools we need to best serve the people of the great State of New Jersey. With your continued backing, I am confident that we will not only meet, but exceed, the ambitious goals we have set for ourselves in the coming year.

Please let me know if I can be of any assistance in this effort; and if I can provide you with any additional information.

And again, I appreciate the opportunity.

SENATOR BEACH: Thanks, Jeff.

If you can stay here for one second.

MR. VASSER: Sure.

SENATOR THOMPSON: There is a winery, in fact, in my Legislative District also, in the hometown of my running mate, Assemblyman Ron Dancer; Laurita Winery. In fact, every year he throws his fundraisers there. It's a great location for it.

But in terms of agritourism, I discovered another farm in my Legislative District this year. I saw some little ad about it, and took my

wife and daughter to see it. It was a tulip farm. Have you heard of a tulip farm just off 195?

MR. VASSER: No, sir.

SENATOR THOMPSON: I'll tell you, it was beautiful. And you speak of the importance of tourism and assisting the farmers. I think perhaps that fellow was making more money off the number of people who came to it, because the crowds there were just unbelievable; as well as the row after row of all sorts of tulips, etc. It truly is agritourism -- what this family had there. It was fantastic.

SENATOR BEACH: Thank you Senator.

MR. VASSER: Thank you.

SENATOR BEACH: And Jeff, I would also extend to you, as well as the Secretary -- things that you think that we need to be doing as legislators, please, please reach out to us, and we would be more than happy to listen and entertain your thoughts in the way of bills, etc.

MR. VASSER: Thank you, Senator.

SENATOR BEACH: Okay; thanks, Jeff.

Next to testify, George Taber.

As Mr. Taber comes up, I can tell you I read one of his books, *Judgment of Paris*. And it was a fantastic book; very -- extremely interesting. And I hope that he will at least tell us a little bit about it because it did lead to a movie.

And we're just honored to have you here, Mr. Taber.

Thank you so much for coming.

**G E O R G E M. T A B E R:** Thank you very much, Mr. Chairman.

I think if I could just talk a little bit about my own experience, the experience that I've seen, especially in California. Because the book that I wrote, called *Judgment of Paris*, was really about the two winning wines in Paris that beat the French at their own game -- a white wine and a red wine.

And it really -- it put California on the map, but it also developed a whole wine tourism situation in Napa that has done -- so much success that they have millions and millions of people traveling through there every year; just going up there, stopping, buying a bottle of wine, going on to the next stop, having another bottle of wine. Maybe a little too much wine is drunk along the way. (laughter)

SENATOR BEACH: And have Uber drivers, obviously.

MR. TABER: Yes, they do have -- they have very many opportunities to get a driver, so you don't have to worry about the drinking.

But that combination of wine tourism and wine is very-- Especially in a state like this, that's small. You have a great opportunity to do the same thing here. And the main thing is, basically, to get the wineries together and realize that they're not in competition; they really -- they could work together. And then it's the old story of the rising tide lifting all the boats. It will lift all the wine producers' products by making the world, and especially the people in New Jersey, aware of the outstanding wines that we have here.

SENATOR BEACH: Could you tell us a little more about *Judgment of Paris*? Because not everyone has had the opportunity to read it. And Louis here (indicates) is from France; so if you can point out their

snobbish attitude toward their wine (laughter), and how Napa Valley put them in their place, I would really appreciate that.

MR. TABER: Okay.

Well, there are a lot of things that happened at the Paris tasting that probably should never have happened. The first was that it was organized by an Englishman who had a wine shop in Paris. So why does an Englishman have a wine shop in Paris? But he had an American who was working for him there, and it was she who came up with the idea. She said, "You know, we've been hearing from these Americans coming through Paris, telling us about the wines of California. And we don't know anything about them. Why don't we go out on a scouting tour and just take some of our wines and--" At that point, they weren't planning on having a wine tasting. They were having a wine tasting, but no wine competition or anything like that, because obviously, you know, the French rule the world. They didn't need any--

So the Englishman went out -- and it was actually-- The other reason they had to do it was it was the Bicentennial; the American Bicentennial Celebration, and they were having a lot of wine events, even in Paris, and other events in Paris, and all around the world. So this Englishman went out to California; went through the Napa Valley. And he came back to his shop in France and decided to have to have wine tasting. He said because the French had-- You know, 99 percent of the French, at that point, had never even heard of California wines.

So he had -- he selected the very best French wines he could have; and he also found -- the producers of those were there that day to have the tasting. And shock of all shocks, the California won, in both the

red category and the white category. It has put California-- It appeared in *Time* magazine, thanks to the story that I wrote; but it was only a four-paragraph story that happened. But it really-- The story -- the lead story in the Modern Living section that week was about a new theme park in Atlanta. (laughter) This little paragraph -- you know, a story at the end, which has gone into history, was the more important presentation that day. And it really just put California on the map.

And I think there's a lot of messages for your winemakers to see the possibilities of working together. Sure, you're in competition; but to work side by side and to promote all the wineries so that wine tourism can-- I'm sure there's some of it that's going on here, but it can always be expanded. And it's just a great -- you're selling wine right out of the store; top price. It's a very wonderful experience for everybody -- for the consumer, for the producers, for everyone.

SENATOR BEACH: Thank you, Mr. Taber.

Any questions, Sam? No?

And I do want to point out that at the time, Mr. Taber was writing for *Time* magazine. And you were actually over there representing *Time* magazine

MR. TABER: Right.

Yes, at that point I had been in Paris for about three-and-a-half years as a reporter.

SENATOR BEACH: And just one quick note from the book. The French, after we beat them, tried to reconstruct the results -- I'm looking at you, Louis, yes. (laughter)

MR. COUTURE (Committee Aide): That's fine.  
(Indiscernible).

SENATOR BEACH: And George Taber wouldn't let them. He said, "That was fair and square, and you lost to the California wines."

So thank you, because I know that was a monumental step in the history of winemaking in the world, basically.

MR. TABER: It really was.

SENATOR BEACH: And the French had to admit that there were some wines that could compete with them, day in and day out.

MR. TABER: Yes.

SENATOR BEACH: So thank you so much for being here.

MR. TABER: Thank you.

SENATOR BEACH: Tom Cosentino, if you could come up please.

**T O M C O S E N T I N O:** Good afternoon.

I'm Tom Cosentino, the Executive Director of the Garden State Wine Growers Association.

It's a pleasure to be here, representing the industry.

And for me, it's a pleasure, too, to have so many people in the industry who, for the past two-and-a-half years, I've been working with. And you know, I think that's the greatest thing that we have going for us in the wine industry -- that we have great relationships with the Department of Agriculture, with the Farm Bureau, with Tourism. And we're all working toward the common goal -- to really grow the identity for New Jersey and its products.

A couple of the speakers -- Jeff Vasser and the Secretary -- stole a little bit of my thunder, because I was going to go through the economic impact report. But I think the key figure there is, you know, we did our first economic impact study in 2011. And this was the second one we did. The company we used, Rittenhouse, has done these for wine associations all across the country, including Virginia, and it's a significant number. We jumped 40 percent in growth, from 2011 to 2016, when the figures were tabulated for that.

George, here, was talking about the *Judgment of Paris*. Well, in 2012, we had the *Judgment of Princeton* right here in New Jersey. And George is associated with the American Association of Wine Economists. And what they did is they brought, at their national convention-- Wine writers from all over the world come in for this. It was held at Princeton University. And they took some of the leading New Jersey wines and put them up against the same -- not the same vintage, but the same wines that were in the *Judgement of Paris*.

And it turned into a statistical tie; which meant that no matter how many times those wines were going to be judged, New Jersey and France were on a par with each other. And it was a whole wave of national publicity that emanated from the Judgment of Princeton.

So that was really starting to be a turning curve in New Jersey's growth as a wine -- as a recognized wine producing state. We've had many, many significant achievements in just the past year alone. William Heritage Vineyards, right in Mullica Hill -- they produced the first 90 score from a Robert Parker review for their sparkling brut wine. That happened a year ago. *Wine Enthusiast Magazine*, earlier this winter, had a feature story about

New Jersey wine; a very, very positive story. That, to our knowledge, is the first national wine publication to devote editorial space to a feature on New Jersey's wine.

Michael Austin, who is the wine columnist for the *Chicago Tribune*, is working on a syndicated feature right now to promote New Jersey wine. And there are many, many positive things happening. We have four of our leading wineries -- Working Dog Winery, William Heritage, Unionville, and Beneduce Vineyard -- they have the winemakers' co-op, and their goal was to really produce and craft great New Jersey product. And they just unveiled their open source chardonnay, which is basically a batch of grapes that they grew; and they all crafted a chardonnay off of that one batch of grapes in their own distinct style.

And earlier -- for years, Rutgers University has run our New Jersey Wine Competition, and has done a great job with it. But we felt that we were at a stage now where our wines needed to get national recognition. And the only way to do so was to team up with a national entity, like the Beverage Tasting Institute in Chicago. And they have their website, *Tastings.com*. They're currently reviewing wines that are entered in the competition; we'll announce them in September, hopefully with a State House press event and then a public event afterwards.

But the earlier score of Lou Caracciolo's Legends Europa of 1997 is incredible, and we expect a lot of those types of scores. And what that's going to do is, it's going to set us up as a wine producing state, to show the credibility of where we are right now in production and what we're producing.

When our wines go into international competitions, they're judged as a flight of wine against Virginia wines, California wines, other states. The judge has no idea where those wines came from. All he knows is, he's tasting a flight of chardonnay, and he is scoring those wines based on his own taste. And our wines are continuously winning Gold Medals, Double Gold Medals, Best of Show in some of the most renowned wine competitions in the country, like the *San Francisco Chronicle* Competition, the Finger Lakes International Competition, Indiana -- all these major competitions.

The Secretary, earlier, mentioned USDA crop grant. And we wrote a grant this year; and we're going to be awarded the \$40,000. And that grant is focused on promoting the best of New Jersey to fine wine drinkers who have never been exposed to the product in the state. So we're going to be targeting people; we're working on a relationship with *Wine Enthusiast Magazine* to target people who are spending \$25 to \$40 for a bottle of wine. You know, New Jersey's always in about the top three, as far as buying -- purchase of wine at that price load. And we're going to target those individuals with ads, focusing in on some of our best wines, to get them out to vineyards, to get them to try the wines, to have private meetings with winemakers. Because that takes us to another echelon as far as that audience is concerned.

You know, what we do with our grant funds is we have a series of marketing materials. But probably the most effective and the most well-known is our Passport Book. And this book is printed every year; it has, basically -- almost all the wineries in the state have a page in it. And you, as a consumer, have to go to winery after winery to get the book stamped.

And once you finish it, you mail it in. And once a year we draw one book, and that person gets a guaranteed trip for two to a renowned wine destination, courtesy of the Wine Growers Association, value of about \$5,500. This year's winner is going to to Napa Valley. We're working on an international location for next year.

But what this has done is -- you have to physically go to the wineries. So someone living in Cape May -- if he is going to finish this book, he's going to have to go visit our wineries in Hunterdon County, visit our wineries in Warren Hills, visit our wineries in Sussex. And by doing so, they're spending money in those communities. They are going to bed and breakfasts; they're going to local restaurants. You know, they're spending money locally; they're not just making a day trip just to go to the winery. They're exploring New Jersey.

And we think that, for us, tourism, agritourism -- we think beverage tourism can drive agritourism. Because we feel that, you know, our wineries have become destination points. One of the things we are working on with the SADC, with the wineries that are on preserved farm land -- but also educating them about what our wineries do on a weekly basis. You know, it's tough for a winery that makes under 5,000 cases to sell enough wine on premise to keep themselves afloat. So our wineries now are on the weekends -- they're bringing in a musician, they're providing entertainment, so that -- the public is going to want to have a reason to go back to that winery.

You know, the Passport gives them an entrée to going around the state, but the events help bring people in. And we think that the more we can involve that surrounding community, and build these clusters of

wineries around the state, and then build those inner tourism markets, you know, around the wineries -- and the craft breweries, and distilleries in the region-- You're having that happen in Hammonton right now, with the South Jersey Wine and Ale Trail. We have a distillery, you have craft brewing, you have wineries; and people are visiting them all. But they're coming to Hammonton, you know? We want to see more of that happen around the state.

And the other thing I wanted to bring up is, where we can go and where can the Legislature help us. The legislature has been fantastic with their support it's giving our industry. You know, the EDA loan bills, other things like that are all going to help us. But one of the things that was mentioned earlier was our wine industry project grant, which is funded from the excise tax; 47 cents of that comes back in grant money. We've talked to-- And I know he's going to position this probably in the fall, but Assemblyman Greenwald is going to put up a bill that would go and take the original legislation, and instead of the 47 cents, knock it up to the full excise tax coming back to the industry. And what that would do, what that would help us with, is to build bigger programs that have length to them.

You know, part of the problem we have is we get State grants; we have to print this book, we print the statewide brochure, we're doing some other marketing. But we're in the middle of Philadelphia and New York, the two biggest media markets in the country; two of the biggest. And it's expensive to place ads. We had a billboard on the Turnpike last year right by Newark Airport. That's \$5,500 for a month, you know? But if you have more money to put into a fund, you could stretch it out and get a much better deal for a year.

So, you know, what we're going to do is similar to along the lines of what Virginia did. Virginia went, in Fiscal Year 2010, 2011, to go into 100 percent of the excise tax going back into the industry. And that's really helped them to grow. And the tax revenues come in; because as we grow, people are spending more, and buying cases of wine, and so on.

So, you know, all in all, we're in a positive space. I mean, we just had Independence Day last week; you know, our nation's birth. I like to say it was our founder's birth, because the New Jersey wine industry actually has founders. You know, in 1767, Great Britain challenged their colonies to produce wine. And two American colonists from New Jersey, land owners Edward Antill and William Alexander, planted vineyards -- European-style wines -- and they were awarded by Great Britain for doing so. Alexander went on to become a General under George Washington in the Revolutionary War; Antill also owned a brewery in Piscataway and wrote one of the first papers on the East Coast about winegrowing.

So they are our founding fathers. So we've been making wine since Colonial days. But we're at the apex now, where we really can take off as a wine producing state. And the more we can grow that tourism component in, the more we're going to flourish.

SENATOR BEACH: Thanks, Tom.

Senator, any comments, questions? (no response)

I spoke to Senator Thompson earlier, and we both graciously agreed -- if you would like us to try any wines, we would be more than happy to. (laughter)

MR. COSENTINO: Always.

I don't make the wine; I just promote it. (laughter)

SENATOR BEACH: Thanks, Tom; thank you for your testimony.

MR. COSENTINO: Thank you.

SENATOR BEACH: We appreciate it,  
Mr. Larry Sharrott.

LARRY SHARROTT: Thank you very much for the opportunity to speak with you this afternoon.

And I'd like to thank you for the support that you have provided us over the years.

I spent a lot of time on the bill that you helped us pass regarding licensing and shipping of wines, probably five years ago now.

Let me comment on a couple of things. I own Sharrott Winery; I own that with my oldest son. I'm also the Chairman of the Visit South Jersey organization, which is the destination marketing organization that promotes tourism in this area, as well as the wineries that are in the Federal AVA. The AVA is the American Viticultural Area, a federally recognized area for growing grapes. It is a unique area that has unique characteristics. And that's why it has that designation.

Most people don't even know that there are three of those in the State of New Jersey; so there are three very specific and unique grape-growing areas.

New Jersey has a wonderful opportunity to market wines that are world class. We, as well as Lou, really make high-quality wines. We promote them heavily, and we can use more support in that. I have done travels around the world; I was very fortunate to have just come back from Bordeaux, and spent quite a bit of time in wineries there. And it is very

interesting because you go through wineries in Bordeaux, and there is nobody there. They are just now beginning to market tourism as an economic driver.

And wineries in the United States are real economic drivers. When wineries take hold in a given geographic place, restaurants pop up around them, hotels pop up around them, and other kinds of support organizations and businesses grow because people are coming to the area.

You mentioned Laurita Winery, and how busy it is. Our winery is 10 minutes from here. Last year we saw about 10,000 unique visitors to our winery.

As a result of a bill that allows us to ship wine, we now ship wine to 34 states. And interestingly enough, almost every one of those customers that now have wine shipped to them visited our winery first. So it's not that we're going out and marketing to those other states, but rather people come and visit us, and then taste the product that we make, and then end up ordering it and having it shipped to them later on.

So it's really -- it's really fascinating from the point of view of what this can do to our state. Again, having been in Bordeaux, the entire culture, the entire area is really built around wineries.

I've been to Virginia a number of times, and Virginia has managed to now become one of the top tourism places in the world because of its wineries. The one disadvantage that they have is wineries tend to be about a half-an-hour drive from each other. Here, right in this location, there are 6 wineries within 10 minutes of each other. So we can really bring people into this area and give them an experience that is essentially

unparalleled, because we have this cluster of very good wineries closely located to us.

The other thing that's interesting to me is that we have the Atlantic City Expressway, which is located just a few miles from here -- my winery is 1.4 miles from the exit -- and there are hundreds of thousands of vehicles that go past us, literally, every week. I mean, you all know how many people go visit the Jersey Shore. Well, imagine if we could get 1 percent more of the people who come off -- to get off that Expressway and stop at the wineries on the way. We would be generating a lot of more, in terms of sales; and of course that would be a tremendous revenue impact.

Lastly, I'll comment in terms of my winery. We made a major investment in our winery in the past year. We have built a whole new facility; a major investment, significantly well over \$1 million, which has also enabled us now to increase our staff. So we have hired five additional full-time staff members, when we used to be at four; and we have taken our part-time staff from about 15 up to 35. So we are creating a very sizable employment opportunity in our community

And I think it's just a wonderful place for people to come visit. It's a place that draws people in. If we can get more of those folks who are coming along the Expressway to stop from out of state, that's revenue dollars that come into our state as a result of a little bit more marketing, some signage, some programs. Again, if you go through Virginia, when you drive down some of the roads you'll frequently see a sign that says "Welcome to--" and it will be a specific AVA area, grape-growing area. We should have those in the State of New Jersey. We should have signage that welcomes people to the *New Jersey Wine Country*.

That's one of the simple examples of things that would be a benefit to the industry.

So I think that's probably sufficient.

Oh, I'll mention one other thing. I mentioned the AVA and uniqueness. The Outer Coastal Plain is this grape-growing area. We create a wine which is called *Coeur d'Est*, which in French means *Heart of the East*. Every one of those wines has to have a minimum score of 75 points from the Beverage Testing Institute in Chicago, which is where Lou just got his very high scores. Many of those wines get a score of over 90; there are about 7 of us that are producing that wine today. It is unique; and every time that the Visit South Jersey goes out to another state and uses that wine to promote our state, it gets very, very good reviews.

So again, it's a way to bring people into our state, improves tourism, and improves our entire business climate.

So, thank you.

SENATOR BEACH: Thanks, Larry.

Any questions or anything? (no response)

And by the way, if you have the opportunity to visit his winery -- I find it such a beautiful place. And I congratulate you on the expansion.

MR. SHARROTT: Thank you.

SENATOR BEACH: I was there a year or so ago when we put a shovel in the ground.

MR. SHARROTT: Last November we put a shovel in the ground.

SENATOR BEACH: And that was very exciting, I know, for you and your family. And please, tell everyone we said hello, and thank you for being here today.

MR. SHARROTT: Thank you very much.

If there are any other questions, I'd be delighted to entertain them later.

SENATOR BEACH: You know, you might as well take the opportunity of giving your address.

MR. SHARROTT: Sure. (laughter)

SENATOR BEACH: Because we don't have a sign printed up for you yet.

MR. SHARROTT: No, but if you get right out to Route 73 and you turn left, there is a sign there that says *Sharrott Winery*.

SENATOR BEACH: Yes.

MR. SHARROTT: We're right on 561, which is also known as South Egg Harbor Road. We're only three-quarters of mile from Route 73, so we're literally right down the road; and it's 370 South Egg Harbor.

Thank you, Chairman.

SENATOR BEACH: Thank you, and thank you so much for beating the French wines. (laughter)

Mark Carduner, Working Dog Winery.

**MARK CARDUNER:** Yes.

SENATOR BEACH: Thanks, Mark; thanks for driving down here.

MR. CARDUNER: My pleasure.

Hello, and thank you for listening to us today.

My name is Mark Carduner; I am the owner and winemaker at Working Dog Winery.

It came from a family that spent 50 years in the liquor and wine industry. And when I graduated from college in the early 1980s, wine was just then really exploding in our country. And I had the pleasure of working with my father and grandfather, transforming our business into a wine business; and then spent two decades chasing wine all over the world.

And as we sold our family business in 2000, we looked to do something else exciting. And we had the opportunity to start growing grapes in Central New Jersey, in the town of Robbinsville. And we went through this adventure that so many of my colleagues will talk about today. And the excitement level of taking on something so new energizes you. And I did not know exactly -- even though I was a wine enthusiast -- our incredible potential. Our soils, our climate, our customers are like no other in the world, and we are so blessed to be here.

And we have grown those varieties. We were very fortunate to be in the competition in Princeton against the French wines, that we were fortunate to beat. And we had a great day also. It was a proud day for us, as a winery.

To see how our business has evolved -- since 2004 when we opened, until today and just this past weekend -- it's incredible. Our customer base, in 2004 and 2005, was wrapped around people in a 10-mile circle. Today, 10, 15, 20 percent of our visitors are from out of state. They find us on Google, on Twitter; and it's incredible how they come to us. They follow the reviews we get, and our fellow wineries get, in very prestigious magazines.

And it's an engine that there's no end to. You know, we started and opened up -- there were about 20 wineries in the state; now there are about 50 or 60. I certainly see 200 as being something that will help us all. When we started, there was one winery in Central Jersey, where we are. Now we have seven; I consider Laurita one of those. We have two more coming. But if I had two neighbors move in, they wouldn't be competition; they would be a great aid to our business. So anything we can do to help.

We are on farmland preserved land; we straddle Robbinsville and East Windsor. We have a 100-acre farm in East Windsor and 17 acres in Robbinsville. Both towns are incredibly helpful to us; and I hope that as the greenbelt, that is in Central New Jersey, continues to expand to the wine industry -- I think that the sky's the limit.

I had two customers over the weekend -- two different groups over the weekend that were from California. And, obviously, we all know great wine is made there. And they were so excited to try our wine, see our vineyards, see our Chardonnay, our Cabernet, our Merlot that are just like what they're growing. We do exactly the same detail, the same attention that makes great wine all over the world, and we're part of it -- as the score that Lou received this past week from BTI shows. It's real.

One last thing: Larry mentioned before me -- the signage through the TODS program, at times, is a little restrictive in that we are only open three days a week. We would be open more, but myself and my four partners -- we have other full-time jobs. And it just seems, for the 4,000 to 5,000 cases of wine we make, we sell it all at our location except for at 10 outlets. It's a good fit.

Unfortunately, those signs -- they are so spectacular throughout this region that you see in other states -- it's a little bit more difficult to get them here because of some of the rules. And I think if I could have the ability, as a small winery, to have a sign or two just a couple of miles from my front door, I think it would set a precedent for all the residents of our state to see how much we are part of the culture of our state, and it would help a great deal.

SENATOR BEACH: That's a great suggestion, Mark; thank you so much.

MR. CARDUNER: My pleasure.

SENATOR BEACH: Thank you for coming down.

If we have some issues in the state, I'll speak with Senator Thompson later. He can resolve just about everything. (laughter)

MR. CARDUNER: Thank you for your time.

SENATOR THOMPSON: Are you familiar with the problems he's speaking of about signage?

SENATOR BEACH: Yes.

SENATOR THOMPSON: Oh, okay. So let's take a look at it and see what we can do about that.

SENATOR BEACH: See? A man of action.

MR. CARDUNER: I appreciate that.

SENATOR THOMPSON: I have a question for you.

MR. CARDUNER: Yes.

SENATOR THOMPSON: Is there a major statewide wine festival each year in New Jersey?

MR. CARDUNER: No, there is not.

SENATOR THOMPSON: Do you think putting together something like that might help the industry? Again, set aside a week or a day, either one. That way--

MR. CARDUNER: I absolutely do think--

SENATOR THOMPSON: A statewide wine festival -- in some big area, arena, etc. -- perhaps that might spread the industry even more.

MR. CARDUNER: I agree. I think it's important when you do-- Because the cost of putting together events like that is quite expensive. And to get people to come you need the ability to advertise them, because our-- Although we are touching more people in our state every day, we are touching many of, as wineries, the same people over and over. And it does-- To get the proper advertising in place, to reach out -- it costs money to bring in-- Of course, we want to touch new people and new customers.

But I think a statewide -- one big event I think is spectacular; it's a great idea.

SENATOR THOMPSON: Well, I'm thinking, for example, in Edison we have the Raritan Expo Center.

MR. CARDUNER: Right.

SENATOR THOMPSON: I would think it really wouldn't cost all that much to put something on like that. Or, of course, you could go to the Meadowlands; it would cost you more there. (laughter) I think there are centers and sites around the state that they do have expos for all types of things. I think maybe that's something your organization might want to look into; planning a statewide event -- whether it lasts for a day, or a week, or whatever -- to publicize what you have there, etc.

MR. CARDUNER: It's a great idea; thanks.

SENATOR BEACH: Thank you, Senator.

Thanks, Mark, I appreciate you; I appreciate you being here.

MR. CARDUNER: Thank you for your time.

SENATOR BEACH: Thank you for your insights.

MR. CARDUNER: You're welcome.

SENATOR BEACH: Before we go on to the next testimony, I was a little remiss. I saw Camden County Freeholder Director Lou Cappelli in the back, and I didn't introduce him. But Lou, thank you for being here.

Next to testify, Jake Buganski.

**J A K E B U G A N S K I:** Thank you, Chairman Beach.

So my name is Jake Buganski. I ran a tourism bureau in this part of the state -- that Mr. Sharrott referenced earlier -- called Visit South Jersey, for about seven years. I was with the organization for 11, and ran it for about 7. And then I went to the Finger Lakes region of upstate New York; ran a tourism bureau there for a year, and then came back to New Jersey and was the Acting Director of the Division of Travel and Tourism for about a year-and-a-half; up until March when I made the leap over to the private side.

So now I work for a company called Tempest that does -- offers tours, and products, and services to tourism bureaus.

But I still have a seat on the Tourism Industry Association Board, and I am still active in some of the tourism-related issues in the state.

So I wanted to just recount some of the successes that we had at Visit South Jersey, agritourism-wise; and then talk about the state of the

tourism industry and what the ramifications are, I believe, for agritourism in general.

So when I took over Visit South Jersey, we were really just tallying up all of your hotels, restaurants, attractions; putting them on a website, putting them into the visitor guide, and saying, “Come visit us because we have all this stuff.” And once I started doing this work for a little while, I realized that that was not the way to market a destination -- that you really had to have a hook, you had to have a central theme in order to get people’s attention and ask them to visit a place.

So right about the time that we were realizing that, our traditional source of funding -- which had been the Delaware River Port Authority -- very abruptly stopped funding economic development projects, of which we were one; so we had to kind of figure out if we were going to continue to exist, how we were going to continue to exist.

So at that point, the Outer Coastal Plain Wine Region had really begun to flourish, and we had almost 30 wineries in the footprint at that point. And so we looked around and thought to ourselves that that would probably be a pretty star to hitch our wagon to. And lo and behold, people really like wine; it’s easy to sell wine. And once we made that the focus of our efforts, things really turned around for the organization.

The organization represents four counties: Burlington, Camden, Gloucester, and Salem. And that encompasses almost two-thirds of the footprint of the Outer Coastal Plain Wine Region. But the way that visitors experience a region -- they’re not aware of county lines, for the most part. They’re coming in just experiencing the tourism product that is in the area.

So we made the decision to represent the entire Outer Coastal Plain AVA, even though it was outside of our official jurisdiction at the time.

So every year at the Governor's Conference on Tourism -- or formerly the Governor's Conference, now just the Tourism Conference in New Jersey -- we have an economic impact study that is revealed. And each county waits with bated breath to see which counties had the highest rates of growth. And every time we go through that process, the tourism organizations in charge of those counties will take some credit for the success there. But there's obviously a lot that goes into how much success the tourism industry has in a region beyond just what the tourism bureau does.

But because we represent four counties, we had a little bit more of the measure of our success if we could see one or two of those counties experience some growth, and we know that it was something that we really had some impact on.

So that year, in 2014, after we had retooled, after we had established the Outer Coastal Plain as a wine destination -- really began to position it that way, develop three Wine Trails within the footprint, and begin to market those -- turn the lights back on, put the new website out, put the new Visitor Guide out. And we sat there at the Tourism Conference waiting to see how well we had done. And, lo and behold, our four counties were four of the top five in growth in tourism in the state that year. So it was a fantastic testament to really what it can mean to have a rhyme, or reason, or an identity for a place; and for that identity to be something like wine tourism and agritourism.

So we had a lot of success there over that period of time, from when we began to retool to when we achieved that success. We had increased tourism in that footprint by about \$770 million, which is a very significant increase. It was about over 30 percent, when the average in the state had been less than 15.

So this area really benefits from the wine region that we have here, from the tourism promotion that goes behind it.

Unfortunately, we got to a point where we had built this thing. We needed to market it against other developing small wine regions. We had benchmarked off of Loudoun County Virginia, Texas Hill Country, and outside of Austin and San Antonio. And with an average destination marketing organization budget of about \$3.5 million in the U.S., and with no mechanism in New Jersey to fund local tourism bureaus, there was no way to compete. And so I turned my attention to figuring out how we could create revenue at the local level to fund tourism bureaus in New Jersey.

There was really no hope on the horizon. And having been in this industry for a while and wanting to continue my career in it, the best move for me, at that point, was to move on. And we had done a lot of benchmarking off of the Finger Lakes wine region in developing a four-state collaborative called the Vintage Atlantic Wine Region, at that point, so I was very familiar with the Finger Lakes wine region product. And I went there, intended to stay there; but then was lured back to run the State Division of Travel and Tourism about a year later.

So when I came back in the last year of the last Administration -- knowing that my time may be short, if I couldn't prove myself -- I really

did just a lot of research to kind of prepare for what would come next, either for myself or for my successor in that role. So we had a research program that -- sparing you all the details of it -- found, lo and behold, that tourism funding is a huge issue in this state. One of the biggest eye-openers in that process was learning that when you add up the tourism budgets of the state tourism offices -- which we're in the middle of the pack on -- the State Division of Travel and Tourism could use a couple more bucks. I've never been an advocate for making that a priority. We need to address the funding issue at the local level.

When you add up all of the local funding throughout the other states, along with the state tourism office budget in those states, the total is over \$80 million. In New Jersey, we have \$9 million at the state level, and about another \$11 million -- the majority of that in Atlantic City -- at the local level, for a total of about \$20 million. So we're about \$60 million behind in the amount of money, collectively, that's being used to promote New Jersey, to talk about it positively; which I think resonates far beyond just the tourism industry. I think that, you know, some of our reputation and some of our other challenges are a result of the fact that we're not keeping up, spending-wise.

One of the starkest examples of how much is being spent in other states, versus New Jersey, is North Carolina. And New Jersey used to be the 9th largest tourism economy in the country in 2006. Today we're down to 12th; and two of the three states that have jumped us in that time are Virginia and North Carolina.

So I had just kind of seen anecdotally that we had been bleeding market share down the coast, unfortunately, for a while; and when we started to do this research, it really bore that out.

North Carolina, in particular, though, has a \$12 million state tourism office budget, versus New Jersey's \$9 million. Relatively comparable; nothing to argue about there. At the local level they have about \$144 million to fund their local tourism bureaus, versus our \$11 million; so, for a total of \$155 million to our \$20 million. So they could be doing the worst job in the world, and they're going to eat our lunch with that much more money to promote their state.

So this is -- all of this research really painted a picture of-- New Jersey is unique in the way that tourism has happened here. It happened organically to us for a very long time. We didn't have to try too hard to get people to visit our 130 miles of beaches; they just did it. And we did a good job of servicing them when they got here.

But in the late 1990s, early 2000s, when other jurisdictions, other states started to understand what a great economic driver tourism is -- people come, they drop off tax dollars, they go home, and we don't have to spend too much money on educating them, on emergency services, on infrastructure to support them. So it's a really great economic driver. And so once these economic impact studies started being done, other places realized that they can create investments in tourism to develop tourism products and promote their places, slowly but surely they started to eat our market share. And the way that that's done, for the most part, is through county- and municipal-level occupancy taxes, which New Jersey does not have, and every other state has.

So that's what comprises that huge disparity at the local level for funding tourism, and that's the ground that we have to make up.

So because of the way that tourism has evolved here, we don't really have a lot of options left for how to remedy this situation. But the one that we do have, that we actually, as part of the research program, had some draft legislation toward, was creating Tourism Improvement Districts at the county level. Most of the tourism promotion in the state is done at the county level, not the municipal level. So the existing Special Improvement District legislation is sufficient to create a Tourism Improvement District at the municipal level, and they have in Newark and Elizabeth; they're very successful. Wildwood is another, kind of, hybrid example, but an example nonetheless of a municipal-level improvement district.

What we wanted to have happen is for that legislation to be amended with a simple one-paragraph addition that said if you wanted to use the framework of the rest of the legislation for the purposes of tourism promotion at the county level, that you could set up that mechanism at the county level; and that would help to get us back on track.

Just to really drive home what an issue this is in this state -- we're 47th in growth, since 2010. We've left \$2 billion in economic impact on the table over the course of that time; 48th in growth in State tax collections over that period of time, leaving \$200 million on the table, between 2010 and 2015, where I'm sure we could have used another \$200 million. And every study, virtually, that is done on the tourism ROI shows that investments in this industry yielded positive results.

So we have all the data to back that up, and we really just want to establish a mechanism to fund local bureaus, make up some of that ground, so that we can start to show the State some of the additional tax benefits of a really functioning tourism economy. And we have the room to do it. The large tourism economies in this country-- California is far and away the largest tourism economy; Florida is far and away the second-largest tourism economy, and they're consistently in the top 10 in growth. So being a large tourism economy doesn't mean that there's no room to grow. We still have the opportunity to do that.

So as I mentioned, the draft legislation -- we've been kind of shopping around a little bit, and we hope to have that introduced later in the year. So really, I would just ask that you be supportive of that. It's just enabling legislation; for it to be enacted at the local level the businesses impacted would have to agree to have this assessment imposed upon them. So without their agreement, it doesn't get off the ground. And I think that that is the big selling point in this thing.

California has a Tourism Improvement District set up at the state level to fund their state tourism office. And their Governor has said that he's thankful for that mechanism because the tourism industry had asked, over, and over, and over again, for funding. And until they had agreed to create their own revenue source and fund themselves, they were fighting a losing battle. And he's famous for commending the tourism industry there for funding themselves so that they don't have to continue to ask him for money. And they, at the state level, have about a \$120 million budget at this point.

So it's an opportunity that's there; we have some wiggle room in the total tax being imposed on our lodging industry right now before we become uncompetitive. But I really believe that any conversation about agritourism or any of the other facets of tourism are, frankly, premature until we address this fundamental issue.

We met here, probably, about four years ago, with Senator Beach, Senator Sweeney, and some other county representatives. And I remember saying, at that point, that it was probably coming from a position of bias to say that we needed to fix the underlying tourism issues before we could expect for the wine industry to really flourish. But I've removed that qualification from that statement at this point. If we don't fix tourism, none of the other things that are constituent parts of the tourism industry are going to work. And frankly, our economy is not either.

SENATOR BEACH: Thanks, Jake.

Any questions? (no response)

I appreciate your testimony; thank you so much, Jake.

And before we call the next person, I want to introduce-- Gene, I saw you didn't put in a slip to speak. But Gene is the owner of Flying Fish Brewery in Somerdale, which is right in the center of the wonderful Legislative District No. 6.

So welcome, Gene. And all this wine talk -- you're not getting hives or anything? (laughter)

GENE MULLER: (off mike) Well, every time I hear the word *wine*, I know they really mean to say *and beer*. (laughter)

SENATOR BEACH: But thanks for being here, Gene. I appreciate it.

Devon Perry.

**D E V O N P E R R Y:** Hello; I'm Devon Perry, the Director of Visit South Jersey, the official destination marketing organization of Salem, Gloucester, Burlington, and Camden counties.

I'd like to acknowledge our Board, which is here today. I don't know if it's permissible, but could you raise your hands if you're on the Visit South Jersey Board and in this room?

Thank you.

We have a very substantial amount of passion and dedication towards what we do. And you heard from my colleagues across the state, across industries, in terms of our statistics. So I'm going to talk a little bit differently during my portion.

We have to work together to support all of the growth that we've just heard about in the State of New Jersey. It is impossible for the wineries *and* breweries (laughter) to continue to flourish if we do not right the ship. There will be attrition. It's-- You know, *Fancy Nancy* is a book that I read to my kids all the time. It's a fancy word for backsliding of growth. We will see closures if we do not right the ship in terms of tourism funding.

I don't want to see the wineries, and breweries, and distilleries grow ahead of our ability to support bringing demand to the State of New Jersey. One statistic that I will throw out there is that visitor spending accounts for 25 to 33 percent of revenues in our great State of New Jersey, and in tourism, in general, in the country -- 25 to 33 percent of revenues. Many businesses wouldn't be able to continue if they lost 25 to 33 percent of their revenue.

If there's anything that I can say today, it is that this Tourism Improvement District model is best practice in tourism across the country. *Visit California* is built on those tenants; and it is impossible to avoid seeing a commercial, with too many celebrities, during *Law and Order* and any other TV show that you watch, without getting frustrated about the Visit California budget.

In addition, Ocean City, Maryland; Annapolis, Maryland; Lancaster -- we are constantly looking at our competitors. I think somebody said you know we're bleeding market share down the coast. Our competitors are eating our lunch, and we have better product to serve. We have better wines in the bottles, we have better beer in the cans -- and the bottles and the kegs. We need to do a better job telling people to come here to spend their disposal income and enjoy what New Jersey has to offer.

It won't happen by accident anymore. And those billboards -- I think Tom gave the dollar amount of \$5,500 for a month; and maybe it goes down a little bit if you do it for a year. So we could do some quick math: 12 times \$5,500, give or take.

The entire grant amount that Visit South Jersey received this year from the Department of Travel and Tourism was \$128,000. We represent 125 municipalities. We are competing against Loudoun County, Virginia and the Finger Lakes, and some other very beautiful destinations whose products are not as good as South Jersey.

It is our responsibility to leave today with the drive and the passion that I hope to bring here on behalf of our organization, and do something about it. It is irresponsible for us to do nothing, and there is something that can be done. And I have faith in Senator Beach, and the

other folks who represent us, in order to support us in any way that you can and advise us; because there are areas that we frankly have-- We do have blind spots, in terms of the legislative process. But we are fast learners; we have our ducks in a row, and we're ready to push this Tourism Improvement District model forward. I think that's the only way that we can continue to support the growth in beverage tourism.

So, thank you.

SENATOR BEACH: Thanks, Devon. I appreciate your testimony.

Any questions, Senator? (no response) No?

Thanks, Devon.

MS. PERRY: Thank you.

Gene, I thumbed through all these things; I didn't see your name. I guess I had my thumb over it.

So I moved you up to the front, if you and Eric Orlando would like to come forward.

I thought you were going to just sit there and not say anything--

MR. MULLER: So did I.

SENATOR BEACH: --and I was getting concerned. (laughter)

Who would like to start?

**ERIC ORLANDO:** I'll start.

SENATOR BEACH: Okay, Eric.

MR. ORLANDO: Thank you, Chairman; thank you, Senator Thompson.

Good afternoon. My name is Eric Orlando, and I am Vice President at the Kaufman Zita Group; and Executive Director of the Brewers Guild of New Jersey.

Here with me today is Gene Muller, the Founder of Flying Fish Brewing Company, located up the road in Somerdale, New Jersey.

The Brewers Guild of New Jersey is a trade association comprised of limited licensed breweries and restricted licensed breweries, which produced an estimated 75 percent of the craft beer brewed in the state, employing hundreds of New Jersey residents in well-paying manufacturing, service, and sales positions.

According to the latest statistics from the New Jersey Division of Alcohol Beverage Control, there are currently 88 limited license breweries operating in the state, with 23 more applications pending before the agency as of last month. Also, there are at least a dozen brew pubs operating in the state, with more likely on the way.

For some context, there were about two dozen limited breweries operating in 2010 in New Jersey; meaning New Jersey could see a 500 percent increase in breweries operating in the state by the end of 2019.

While these figures are extremely positive, the state still ranks 45th per capita in the amount of craft breweries operating, with states like Pennsylvania and New York ranking in the Top 10 in the number of breweries operating in their respective states.

Some may ask how do breweries in New Jersey fit into the promotion of State agritourism. For your information, New Jersey breweries have a strong connection to our state's agricultural community already. For years, New Jersey breweries have used items like honey,

blueberries, peaches, and pumpkins from local producers for their beers, routinely. Breweries have begun to source core ingredients from upstart hop and specialty grain producers, which have popped up in the last five years to cater to the state's growing craft beer industry.

Guild members Cape May Brewing Company and Flounder Brewing Company both produce a beer that is approved by the State's Jersey Fresh program to carry the *Jersey Fresh* label, and have been involved recently in marketing efforts with the State Department of Agriculture.

Finally, the Guild estimates New Jersey breweries donate upwards of four million pounds of spent grain to local farmers for feed annually.

So the connection is there, and vitally important to the state's craft beer and agricultural industries alike.

The Guild has a simple ask today. Please make sure New Jersey breweries are a part of the State's agritourism and overall tourism promotion efforts going forward. The Committee's presence today can have an immediate impact to deliver on this request, by continuing the advancement of two initiatives. The Guild requests that Assembly Bill 3921, sponsored by Assemblyman Mazzeo, and Senate Bill 2580, sponsored by Senators Kean and Cruz-Perez, be posted in the Senate Economic Growth Committee as soon as possible. The legislation would create permits allowing the sale of New Jersey craft beer, wine, spirits, cider, and mead to be sold at New Jersey seasonal farmer's market for take-home consumption. Border states like Maryland, Pennsylvania, and New York already allow this privilege for their state's craft beverage producers,

expanding sales and marketing opportunities for breweries and other agribusinesses which set up shop at these farmer's markets.

The other initiative was approved by the State Government Committee in May of this year. Senate Bill 1909, sponsored by Chairman Beach, would require the Division of Travel and Tourism to establish three regional breweries tourism trails in consultation with the NJABC and the Guild. This legislation awaits further action in the Senate Budget and Appropriations Committee.

More long-term, there are several ideas and policies which could be borrowed and mimicked from our out-of-state neighbors and the state wine industry, in its vineyards where we all sit today. Here is a concise, concrete list to consider to help promote craft beer tourism, agritourism, and the communities which host these local businesses.

The Guild supports the introduction and advancement of brewery-specific legislation, similar to Senate Bills 1057 and 1082, sponsored by Senators Van Drew, Gopal, Cruz-Perez, and Singleton, offering loans and grants to New Jersey wineries for various capital improvements and expansion. Pennsylvania has had a similar financial assistance program for their state's breweries for years, with great success.

The Guild supports the introduction and advancement of brewery-specific legislation similar to Assembly Bill 1287, which was mentioned previously, sponsored by Assembly Majority Leader Greenwald and Assemblywoman Murphy. New Jersey breweries would like to create a State-backed, industry-involved promotion board and marketing account, derived from a small portion of the tax revenue generated from the sale of

New Jersey craft beer. The state's wine industry has enjoyed the benefit of their promotion program since 1985.

In recent years, the state's wine industry has had access to as much as \$260,000 to promote their industry. In Pennsylvania, Governor Wolf awarded \$700,000 in grants, in February 2018, to breweries, nonprofits, universities, and trade groups to promote Pennsylvania craft beer. It's time for New Jersey to have a similar program.

There is a bill pending in the Senate, sponsored by former Senator Bob Gordon, waiting to be taken up by the current membership. Senate Bill 633 would allow the state's breweries, wineries, and distilleries to sell each other's products from licensed locations. States like Pennsylvania, New York, and Delaware already allow this, with Delaware signing their law last month with much fanfare, with Delaware Governor Carney stating, and I'll quote, "Delaware has a thriving craft beverage industry that helps drive our \$3 billion tourism economy. We're always looking for ways to support our craft breweries, wineries, and distilleries."

The Guild knows if New Jersey gets behind the agritourism and overall tourism aspects of the industry, the State, its farms, and its communities can reap the financial benefits seen throughout the country. To support this assertion, I will leave you with one final example about how craft beer tourism can impact a local community.

Russian River Brewing Company in Santa Rosa, California, holds an annual beer release of its renowned, highly sought after Pliny the Younger India Pale Ale. The Sonoma County Economic Development Board commissioned a survey in February 2018 about -- around the beer release and the two-week event held in Santa Rosa and surrounding towns.

Their survey counted 12,552 guests who visited specifically for that event, with 67 percent of those coming from outside the local area. The survey found overnight visitors spent an average of two nights at a local hotel or Airbnb at a rate of \$200 a night. Visitors came from 40 states and 17 foreign countries. Overall the event had a \$3.3 million impact on the local economy, according to the survey; that's two weeks.

These numbers are generated from a brew pub no larger than your average local bar/restaurant because of one reason: craft beer.

Gene and I are here to answer questions you have, and thank you for allowing us to testify today.

SENATOR BEACH: Thanks, Eric.

Did you say there were over 2,000 craft breweries in the state?

MR. ORLANDO: Right now, craft brewery-wise, there are 88 licensed; there are 23 more pending licenses before ABC. There are over 6,000 breweries in the country.

SENATOR BEACH: Okay.

All right; thanks.

And Gene, would you like to add anything?

MR. MULLER: Yes, just to reiterate -- I think, you know, we have -- we're right up on Route 30, and we have tasting rooms open five days a week. And we take demographic information. And 75 percent of the people who come to our tasting room live more than 15 miles away. So if you come on the weekend -- I'm sure just like here or at Sharrott -- you'd see a lot of out-of-state license plates.

And we have a great core of tourism assets, just in the beverage/alcohol space -- whether it's wineries, distilleries -- just along the

Route 30 corridor. And I think there's this diamond in the rough; and however the State can help promote it-- I heard signage; again, that would be, you know, whatever we can do.

You go through Hudson Valley and you see, you know, here are cideries, here are meaderies, here are breweries. Those signs are there; they're everywhere, and it's a point of pride. In New Jersey it seems like it's a bunch of hoops to jump through, when we should be looking for ways. And it doesn't really cost a lot. I mean, it's something that could be done easily.

So I'd appreciate any help on that.

SENATOR BEACH: Thanks, Gene.

And I'd just like to point out, I had the opportunity -- you allowed me to tour your facility. And I think one of the really cool things, interesting things that speaks all about New Jersey is the fact that you named your beers after different exits on the New Jersey Turnpike. So you're New Jersey, through and through.

And thank you so much for being here.

Any questions? (no response)

Eric, thank you for being here.

MR. ORLANDO: Thank you.

MR. MULLER: Thank you.

SENATOR BEACH: Thanks.

Ed Wengryn.

Thanks, Ed.

**E D W E N G R Y N:** Ed Wengryn; Research Associate at New Jersey Farm Bureau.

Thank you for having -- inviting us, and having this Committee hearing today.

Agritourism has been, probably, one of the fastest growing parts of New Jersey agriculture, along with the wine industry itself. They kind of parallel in their growth and expansion.

Some of the opportunities that come -- not just with the wine industry, but in agritourism -- is the connection people want to have with their food, and go back to our heritage in the Garden State and the things the Secretary talked about. There has been a trend for buying local; understanding where your food comes from. And that's translated into opportunities for our farms in the state to have people come out and visit them.

The growth in agritourism has really been, with the downturn in the economy, one of the bright spots in the agriculture economy. You have traditional commodity crops -- wheat, corn, soybeans -- that fluctuate on a local market, with depressions and outside forces determining the price. The "come to the farm," "visit the farm," and "see the farm" are opportunities for those farms to generate revenue. And tourism has gone from -- in the beginning, you know, cut your own Christmas tree; come pick your -- whatever's in season, your green beans, your tomatoes, your peppers; strawberries at the beginning of the season. And coming back to the farm -- "Okay, I've picked strawberries; and okay, I'm getting my fresh fruits and vegetables. But what else is there to do on the farm?"

And what we're finding is the fall agritourism season. Everybody knows the Jersey Shore summer season. There's a whole new tourism in the fall, in the rural parts of the state, from Sussex, Warren,

Somerset, Hunterdon, all the way down here -- Burlington -- where people want to come through the Pine Barrens to see the cranberry harvest, pick pumpkins, apple picking; come back out to the farm on the weekend.

And so New Jersey has a big opportunity to expand its tourism season beyond June, July, August at the Shore; to September, October, November in the rural parts of the state where fall tourism activities can happen.

What we don't have is the infrastructure to make those things happen. It's nice when we talk about Napa Valley and the wine regions of the Finger Lakes. They've actually built the bed and breakfast hotel tourism infrastructure to take advantage of those assets. New Jersey hasn't quite figured that out. You know, we're still a pass-through state, like, "Yes, you can day-trip it." What you want to do is make it a weekend destination.

What we run into is the "not in my backyard." "Yes, we want the tourism dollars; we want to see--" But all of a sudden, "I can't get to the ShopRite on the weekend, because everybody is driving down 206 through Chester; and it takes me an hour to go anywhere." Then the locals don't like it.

So I think it's -- there's really a comprehensive opportunity that can happen where-- You've heard the guys talk about the sign programs; you know, signage brings people. Getting the Department of Transportation involved in, how do we move people into places where we don't have public transportation? How do you get tourists to come out and not have to use the car? Ways to sort of reverse commute on those old, historic rail lines that cover the different parts of the state, and to take

advantage of people coming out to the Highlands Region, the Pinelands Region; taking those regional planning entities and focusing on the tourism impacts to them.

And it's not just the agritourism. In the case of the Highlands, it's the natural tourism; the hiking, the birding. The whole Highlands Region was about protecting the forests. There are color changes that happen. We can be a New England-type-- When you're in peak color -- foliage visits, hikes; and then stop at the farm, stop at the restaurants, stop at the towns and the villages that we have. Those all come together under New Jersey investing in its tourism. And I think that agritourism is part of that -- the distillery, the craft breweries, the wineries are a big part of that.

It reaches the consumers that people are looking for; there are alternative things to -- just riding bikes through the country, but coming out and seeing -- using those hooks of where your food comes from, great tasting wines, local-flavored craft-brewed beers. It all connects together.

And this is a really important hearing to help the State game plan -- how we go forward and what we can do to make those industries grow.

And I'll take any questions.

SENATOR BEACH: Anything? (no response)

Thanks Ed; we appreciate your testimony.

MR. WENGRYN: All right; thanks.

SENATOR BEACH: Michael Benedine (*sic*). (indicating pronunciation)

Did I say that right? I couldn't quite--

**M I C H A E L B E N E D U C E:** Close enough; Beneduce. (indicating pronunciation)

**SENATOR BEACH:** Oh, yes. That was real close. (laughter)

But it's your fault for writing so small.

**MR. BENEDUCE:** Yes, you're right.

**SENATOR BEACH:** Okay; then go, Michael.

**MR. BENEDUCE:** I'm a farmer; we are not known for our good handwriting.

**SENATOR BEACH:** Thanks, Michael.

**MR. BENEDUCE:** First of all, thank you all for having us -- having me here today. I appreciate the opportunity to speak to you.

I'm here because, as an owner of a small farm, I rely on agritourism for my livelihood. I'm a fourth-generation farmer; my parents, my grandparents who came over from Italy were rose growers. They settled in Madison, New Jersey, which became known as the *Rose City*; so they grew roses for the farm markets in Manhattan, basically.

My dad, when he was 19, started a garden center in Morris County, which has since grown to become one of the state's largest. It grew so big, in fact, that we had to move off of that property and look for additional property; which is why we ended up buying a 50-acre farm in Pittstown, New Jersey, which is in Hunterdon County, northwest.

That farm is where we started the winery in 2010, when I was in school. We kind of were looking at what other crops to grow in the area. And farming is changing these days; it's not the 20 years ago, or 50 years ago, where you could farm a 50-acre piece of land and grow corn and make a living doing it. There is too much competition, the prices are too low; and

farmers are having to adapt into other crops that have some value-added market to them, like wine. Wine is literally preserved fruit; it is a way of preserving your year's harvest and stretching that out over a year or two years. And so farmers have known this for 2,000 years -- that if you can't sell everything in the couple of weeks when you're harvesting it, you better figure out a way to preserve it. Wine is a beautiful way of doing that, and I think it gives a lot of our visitors to the area a reason to stop in and see us.

We are what would be known as a *destination farm*. So we sell 100 percent of the wine that we produce on our farm. Last weekend -- thank God we had beautiful weather -- we had over 1,000 people visiting our farm in one weekend. We do vineyard tours; we have an open kitchen concept for our winery. We encourage people to learn about winemaking to see that it's not just a product that you're pulling off a shelf. We want them to look into the vineyards. We have 20 acres of estate vineyards on our farm. We want them to see that it's a product that is grown here, that is made here, that is as local as the foods that they are excited about eating.

And it's expanding very rapidly. I think -- I really feel-- I've been in this industry for 10 year now; I really feel that we're on the cusp of an explosion in the New Jersey wine industry. You heard all these statistics, all day, backing that up. But more than that, there's a sense, there's a momentum that's growing, really, in the last couple of years that we're on the cusp of that. I've had six people come to my tasting room in the last year who are starting wineries in our area, looking for advice; looking for comraderie, for collaboration. We welcome them; we know that there is unlimited room for growth in New Jersey wineries.

One of my favorite stats is that 2 percent of the wine consumed in New Jersey is produced here. So we have one of the biggest wine-consuming markets in the country. People in California, and Virginia, and these other states would die to have our markets. New York City is literally the center of the wine world. We have the most educated wine consumers; we have people who have disposable income who want to drink wine. And we need to get them to our back door to understand that New Jersey is producing some excellent wine.

If you look at, even, our neighboring states that have had some success, like New York and Virginia, they're closer to 10 percent consumed within the state. So we have a tremendous opportunity for growth here. I really do think that we could be the next big emerging wine region.

And I'm not here to ask for money. Our business is doing well; it's growing. What I do ask for is not just support, but an active promotion from the Senate and from our politicians of our New Jersey wine industry. We've seen this in states like New York and in Virginia that have -- their politicians and their government has gotten behind the industry, and really pushed them forward, not just allowed them to exist as is. But by pushing them forward we see that exponential growth just happened so much faster and so much more naturally.

So getting out of the way of things like restricting us from having private events, or weddings, or celebratory life events that draw people to our farms. Because a lot of these vineyards -- they're not like other businesses that can open up in a strip mall. We need to have land; we need have three acres to be a vineyard, number one. Most of us have much

more than that. So we're located in rural areas, and we need a way to draw people out to those farms.

Things like the TODS program -- the signs -- certainly has a lot of issues with it I think that could be addressed. There are some limitations there, like not allowing signage on interstate highways. We're located about five miles from Route 78. We get a ton of traffic from Manhattan, coming from the east; we get people coming from Pennsylvania in the west. We're not allowed to have a little attraction sign because it's an interstate highway. If you go through other states, they are allowed that. That's a State thing that we're working on, but something I think would help us tremendously; because Interstate 78 has thousands of people every day who pass by us and don't know that we're there because we're not allowed to have a sign on the highway.

Things like -- regulatory things like the septic issue that's on. That could be a make-or-break for a lot of small wineries. We do not have the funds to have a septic tank that's just for gray water. I could tell you, I have a chemistry background; and the water that we use to clean out tanks and stuff is almost as safe as your drinking water. It's not like we're poisoning water and putting it back onto our farms. It's clean water. We use ozone to clean, which is a sanitizer. It breaks back down into water and oxygen within 10 minutes.

So those are some things that we would love to see -- again, not just support, but an active promotion of from the Senate. And I have nothing but respect for everything that you guys have done for our industry and for the farming industry as we, sort of, advance and grow as an industry. And we really appreciate your support.

SENATOR BEACH: Thanks so much, Michael.

MR. BENEDUCE: Thanks.

SENATOR BEACH: I'm sorry for butchering your name.

(laughter)

MR. BENEDUCE: That's all right.

SENATOR BEACH: You see, my wife's Italian; I should know--

MR. BENEDUCE: Oh, yes. She's going to hear about that when you get home, I'm sure.

SENATOR BEACH: She's sitting back there (indicates), so I'll hear about it on the way home. (laughter)

Thanks, Michael.

Our last person to testify today is John Cifelli.

**J O H N C I F E L L I:** You got that right. (laughter)

SENATOR BEACH: Well, I'm one for two.

Thanks, John.

MR. CIFELLI: Thank you, Senator Beach, and the Committee; thank you very much.

I'd like just a quick point of order to point out that Mark Carduner put his slip in last, and I think he's drinking wine already. (laughter)

So let's make sure we're on top of that next time. (laughter)

I want to ask first-- Oh, I'm sorry; to introduce myself. John Cifelli; I'm the Director of The Winemaker's Co-op, the organization that my colleague, Tom Cosentino, referred to in his opening remarks. I'm the General Manager of Unionville Vineyards, a 5,000-case state winery in

Hunterdon County; and I'm a member of the Legal Committee of the Garden State Wine Growers Association.

And I'd like to ask, how many of you are not ashamed to admit that you drink wine regularly, or drink wine at all?

SENATOR THOMPSON: I drink occasionally.

SENATOR BEACH: Yes.

MR. CIFELLI: Okay. So I'm glad that I have the final word today--

SENATOR BEACH: I'm trying to speed you up so I can go have a glass of wine. (laughter)

MR. CIFELLI: Yes, I know, I know. And I did make notes that I would be quick. (laughter)

So I will try to be brief, and I am glad that we will have the opportunity to introduce so many of you to New Jersey wines today.

But I do want to take the opportunity to explain one of the things that makes wine special. And we'll go in a very different direction from most of the comments heard today.

But one of the things that really makes wine great is that it represents *place*. And any great wine region around the world represents the place that it came from. Riesling from the Mosel in Germany is iconic; and Cabernet Sauvignon from the Napa Valley is iconic. And you can taste grapes grown and wines made in Napa, versus New Jersey, from the same grape; and you will be able to tell which ones come from which. And that's one of the things that really makes wines special; makes it so important to -- as we grow this industry to really maintain that sense of place.

And the reason that I point that out is, I will quote from the Rimerman study that has already been referenced a couple of times today, which says that, "If New Jersey is to gain traction and continue producing enough wine in-state to meet consumer demand, the industry will need to improve yields going forward" -- (indiscernible), more acres of grapes planted. "It will also be important for the industry to continue increasing the available grape-bearing acreage to support future industry growth. Research performed by Rutgers University shows the state has a tremendous amount of potential to increase grape production and acreage in New Jersey based on key growing factors, like climate, soil drainage, and slope."

And the report goes on to say that "By continuing to increase the grape quality and amount of New Jersey acreage available for grape production, the New Jersey wine industry can rely less on grapes produced outside the state while in turn building more credibility and a stronger reputation for wine quality, as well as potential of reducing costs."

And that's important because the study says that approximately 30 percent of the wine made in this state comes from grapes grown outside the state. And I have a hunch -- if you looked at the numbers with a bit of scrutiny -- that you may come to the conclusion that there's a little bit more than 30 percent of the wine made from out-of-state fruit.

So you asked at the beginning of the hearing what you could do. And we've heard a couple of great ideas today; most of the economic support. My request is no different. But I would like to ask that -- consider the path of elevating the industry and its stature to be synched up and aligned with the grape-growing industry. Wine making and grape-growing

are intrinsically related. And improving the quality of grapes grown and helping increase the viability of commercial vineyards -- not just wineries, but commercial vineyards -- is important. Because the sophisticated wine consumer, in my opinion-- The one who buys wine by the case -- not one who stops off the highway once, and then is on his way -- but the loyal customer who has many thousands of bottles in their basement and collects wine; which I don't think we are yet scratching the surface of. Mike Beneduce referenced New York being the center of the wine world. I'll point out that we're between Philadelphia and New York; we have a very well-heeled and educated population in between the two cities, and nine million people within the state. I think there are plenty of serious wine enthusiasts to support the industry. And I think that with unfettered access to these people, New Jersey wines -- they will buy them at an increasing price. And that will happen when any questions of authenticity and the source of the wine grapes are removed. And this is a healthy, organic, sustainable way to improve the wine industry -- by investing in the grape industry.

And conversely, if promotion outstrips investment of in-state grape production, we have the potential to put the reputation of the industry in peril. No wine region around the world worth its salt earns its reputation on the backs of imported grapes.

And so I ask that you take that into consideration when you evaluate everything that you've heard today. And thank you for your time.

SENATOR BEACH: Thank you, John. We appreciate it.

MR. CIFELLI: Thank you.

SENATOR BEACH: Thanks.

Any final comment, Senator?

SENATOR THOMPSON: Well, it is a growing industry out there, and it is vital to the State, and we'll do what we can to help it along.

SENATOR BEACH: Thanks, Senator.

And I would like to thank all the speakers today.

I would also like to thank the New Jersey Wine Growers, because as you're exiting there are some refreshments. And also, if you would like to taste some of the New Jersey wines, you will have that opportunity on the way out.

I checked everything out with OLS, with the ethics people, so we're good. (laughter) You can actually even have a piece of cheese; it won't cost you anything, and you don't have to report it.

So thank you.

Meeting adjourned.

**(MEETING CONCLUDED)**