

## INFORMATION BRIEF

### Research Department

### Minnesota House of Representatives

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# Farm Wineries

Farm wineries are given a special status in Minnesota's liquor laws, a policy chosen specifically to encourage and support the fledgling farm winery industry. State efforts also nurture grape growing and winemaking via financial and technical assistance, applied research and outreach, and tourism promotion. This information brief explains how farm wineries are regulated and the state's role in promoting and funding them. An appendix provides a timeline for grape breeding and winemaking in the state.

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## Liquor Regulations and Minnesota Wine

Wines produced at Minnesota farms are subject to the Minnesota Farm Wineries Act ([Minn. Stat. § 340A.315](#)). This statute allows a winery to manufacture wine in Minnesota and subjects wineries to Minnesota's liquor regulations, with a number of specific exceptions and allowances designed to protect and foster the growth of Minnesota wines.

Farm winery licenses are issued by the commissioner of the Department of Public Safety for \$50 per year. A license authorizes the on-premises sale of table, sparkling, or fortified wines. Amounts are limited to 50,000 gallons in a calendar year.

In 2012, the legislature specified that farm wineries must be located on agricultural land or have a conditional use permit. Farm wineries in existence before May 1, 2012, are exempt from this requirement. This change was to ensure that farm wineries were on farm lands.

As a matter of definition, the law allows more than wine from grapes to be produced at a farm winery. A table or sparkling wine is defined as a beverage made without rectification or fortification—the additions of distilled liquors to make a fortified wine. The definition in [Minnesota Statutes, section 340A.101](#), subdivisions 27, 29, and 30, include cider, vermouth, wine, and wine made from crops other than grapes. In addition, the law specifically allows the production of fortified wines. Therefore, as a practical matter, the farm winery law allows farm wineries to make a wide variety of beverages.

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Farm wineries can:

- sell their products on Sundays between the hours of 12 noon and 12 midnight;
- sell via the Internet, up to two cases per customer, as permitted in [Minnesota Statutes, section 340A.417](#);
- operate a restaurant or other establishment;
- give free samples to visitors;
- import, with special permits issued by the commissioner, additional grapes to add to their crops in an off-year for farm production; and
- sell at a county fair with a temporary license issued by local governments.

In the past, bills have been introduced to allow or require Minnesota wines to be sold at the airport and at the state fair.

## **Bulk Wine**

There has been a long-standing requirement that a majority of agricultural products used at a farm winery be Minnesota products ([Minn. Stat. § 340A.315](#), subd. 4). In 2012, the legislature adopted a provision allowing farm wineries to import bulk wine to augment their winemaking, as long as this bulk wine is not separately bottled and as long as the bulk wine counts as part of the non-Minnesota grown component.

## **Farm Distilleries**

In 2008, the legislature enacted a law that allows farm wineries to produce distilled spirits ([Minn. Stat. § 340A.315](#), subd. 7). Under this provision, distilled spirits may comprise up to 500 of the 5,000 gallons of alcoholic beverage that a farm winery can manufacture. Farm wineries are allowed to provide small samples of distilled spirits to customers, but must sell this new product only through existing wholesalers. In 2011, the legislature passed a separate micro-distillery licensing provision, creating a way for small distillers to operate without a farm winery license.

## **Agricultural Diversification and Agritourism**

In theory, farms that generate revenue from sources beyond traditional crop and livestock commodity markets are better positioned to weather fluctuations in commodity and input prices. State entities see viticulture (i.e., grape cultivation, especially for wine) and winemaking as two promising avenues for agricultural diversification.

By law, both the Minnesota Department of Agriculture and the state's Agricultural Utilization Research Institute<sup>1</sup> (AURI) are charged with developing and diversifying Minnesota agriculture. Each organization promotes grape growing and winemaking as opportunities for farmers to diversify and capitalize on the growing popularity of wine.

The state's tourism bureau also promotes farm winery tours and wine-tasting events as an agritourism opportunity for rural communities. The Explore Minnesota Tourism Council maintains a list of Minnesota wineries on its website, complete with the hours of operation and information on nearby fall-color driving routes.

Currently there are 51 farm wineries licensed by the Minnesota Department of Public Safety. That represents nearly twice as many farm wineries than there were just four years ago.

### **State-Funded Research and Development Activities**

Minnesota farm wineries benefit from state-funded grape and wine research. With financial support from the state, the University of Minnesota carries out applied grape growing and winemaking research on ten acres of its Horticultural Research Center near Victoria. The university has developed expertise in breeding and cultivating cold-hardy grapes (i.e., varieties whose vines can withstand the Minnesota winter). Researchers and students at the center also provide education and outreach services to Minnesota's grape and wine producers.

The university began table and juice grape research in 1908. Responding to demand from local commercial growers and wineries, the university initiated a dedicated wine-grape breeding program in the mid-1980s. Researchers use selective breeding—and to a limited extent, genetic engineering—to develop new grape varieties. Winemaking research was bolstered by the completion in 2000 of a state-of-the-art enology lab and research winery.

Beginning in the 1980s, the legislature explicitly directed the university to perform grape and wine research as part of the university's biennial appropriation for agriculture research and extension activities. In 2007, the legislature allocated \$50,000 to the university for the purchase of additional winemaking research equipment.

AURI partners with the university and provides direct technical and financial assistance (loans) to Minnesota's grape growers and winemakers. In 1993, the institute awarded a grant to the university to examine characteristics and consumer acceptance of cold-hardy grapes. AURI also contributed funding for the construction of the university's enology lab and research winery.

See Appendix A for a brief timeline of Minnesota's viticultural history and relevant state appropriations.

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<sup>1</sup> The Agricultural Research Utilization Institute was established by the legislature in 1987. It is a state-funded nonprofit corporation charged with developing new products and expanding existing markets for the state's agricultural commodities.

## Appendix A

### Timeline: Grape Breeding and Winemaking in Minnesota

<b>Pre-settlement</b>	Native, cold-hardy grape variety ( <i>V. riparia</i> ) grows in what will become Minnesota.
<b>1850s</b>	Settlers bring popular grape varieties—including Concord and Delaware—from the eastern United States to Minnesota. They bury the vines in trenches over the winter to keep them from dying.
<b>1908</b>	The University of Minnesota begins breeding table and juice grapes. Common warm-weather varieties are bred with Minnesota's native cold-hardy variety in an effort to find a weather-resistant and palatable grape for Minnesota growers to produce.
<b>Mid-1900s</b>	The University of Minnesota informally begins wine-grape breeding. Researchers begin crossbreeding Minnesota winter-hardy grapes with German and French hybrids and other popular wine grape varieties.
<b>1976</b>	Minnesota Grape Growers Association is formed.
<b>Mid-1980s</b>	The University of Minnesota formally initiates its wine-grape breeding program.
<b>1982</b>	The Minnesota Legislature appropriates grape research funding to the University of Minnesota.
<b>1985</b>	The Minnesota Legislature specifically directs the University of Minnesota to research "grapes" as part of the agriculture special appropriation for fiscal years 1986 and 1987.
<b>1993</b>	The Agricultural Utilization Research Institute (AURI) awards the University of Minnesota funding to examine characteristics and consumer acceptance of cold-hardy grape cultivars.
<b>1997</b>	The Minnesota Legislature specifically directs the University of Minnesota to research "grapes and wine" as part of the agriculture special appropriation for fiscal years 1998 and 1999.  The University of Minnesota hires a full-time enologist (i.e., winemaker) and begins to develop an experimental winery.

- 1999** The Minnesota Legislature again specifically directs the University of Minnesota to research “grapes and wine” as part of the agriculture special appropriation for fiscal years 2000 and 2001.
- 2000** Construction is completed on the state-of-the-art enology lab and research winery at the University of Minnesota’s Horticultural Research Center. AURI provides partial funding to the University of Minnesota for the facility.
- 2005** Governor Pawlenty vetoes a \$125,000 appropriation to the Northwest Regional Development Commission at Warren for field research on the planting and production of cold-hearty grape cultivars.
- 2007** The legislature authorizes a onetime \$50,000 grant from the Minnesota Department of Agriculture to the University of Minnesota to purchase instrumentation that will allow rapid and accurate measurement of enology components.

*For more information about liquor industry regulation, visit the commerce area of our website, [www.house.mn/hrd/hrd.htm](http://www.house.mn/hrd/hrd.htm).*