The Health of the Texas Wine and Grape Industry

Grapes grow naturally in Texas. In 1909, the legendary viticulturist T. V. Munson of Denison described 13 of the 26 species grown around the world as native to Texas. But growing grapes in Texas is not without its problems and is limited to areas of the state that are not significantly affected by disease. For example, Pierce’s Disease (caused by a pathogen transmitted by certain xylem-feeding insects such as the glassy-winged sharpshooter) is associated with high humidity, bodies of water, and warm climate. Grape breeding to develop varieties that are resistant to Pierce’s Disease and adapted to Texas continues to be a challenge. Weather conditions such as hail and winter freezes are also limiting factors for grape growing. Marketing, state law, funding, vineyard technology, enology technology and education, equipment supply, and labor all influence the success and growth of the industry.

According to Sarah Jane English’s book The Wines of Texas, a Guide and a History, “When the Spanish came to Texas seeking gold in 1540, led by Governor Francisco Vasquez de Coronado, they brought wine, as well as grapevine cuttings and a knowledge of viticulture.” In 1662, Spanish missionaries established the first vineyard in Texas, near El Paso.

By 1900, Texas had more than 25 wineries, but the evolving Texas wine and grape industry struggled and virtually died during the 17 years of Prohibition that ended in 1935. Several Texas wineries attempted to restart after Prohibition, but only one winery from that period—Val Verde Winery in Del Rio—remains operational today.

Continued help in research and education is critical for the future. A core of people with knowledge regarding the various aspects of grape-growing, winemaking, and marketing has been developed and this is providing the impetus and support for much of this growth. Stable funding support is vital to enable long-term planning for research and educational programs through the Texas Department of Agriculture and the various higher educational entities that are involved in the wine industry.

—Tim H. Dodd, Ph.D.
Director, Texas Wine Marketing Research Institute
Texas Tech University
The resurgence of the Texas wine industry began in the early-to-mid 1970s. During this time, interest in cultivating grapes and wine making was gaining momentum in Fort Worth, Fredericksburg, Fort Stockton, and the Texas Hill Country. According to extension horticulturist and grape specialist George Ray McEachern at Texas A&M University, the first annual meeting of the Texas Grape Growers Association was held March 1, 1977, in Austin and was “the unifying mechanism that pulled everybody together during the formative years.”

McEachern noted that Texans were slower to develop a wine industry because of their determination to be thorough researchers, experimenting for several years to determine the best grape growing regions and grape varieties for Texas. He said that he believes this diligence is a big part of Texas’ success.

Legislation, a Prescription for Growth

Since 1977, several legislative interim reports regarding the Texas wine producing industry have resulted in legislation encouraging its growth. The Texas Department of Agriculture’s Texas Wine Marketing Assistance Program (TWMAP), authorized by the 77th Legislature, Regular Session, in 2001 (H.B. 892), assists producers, growers, wine makers, restaurants, and retailers across the state with introducing and marketing Texas wines and educating the public about the Texas wine industry.

The passage of a state constitutional amendment in September, 2003, resulted in a doubling of the number of wineries and expansion of the areas served by wineries. The constitutional amendment authorized the legislature to adopt laws and the Texas Alcoholic Beverage Commission (TABC) to adopt policies applicable to all wineries in Texas, thereby encouraging the development of wineries in “dry” areas where the sale of alcoholic beverages of a particular type or alcohol content is unlawful. Because of this amendment, wineries located in a “dry” area may engage in the same activities as those located in a “wet” area.

During the 79th Legislature, Regular Session, 2005, significant legislation was enacted to improve the economic future of the Texas wine producing industry. Noting one of the effects of the wine-related legislation passed last session, a March 8, 2006, Fort Worth Star-Telegram article states that more than $1 million is earmarked for a new education and research program in College Station and Lubbock to beef up the winemaking curricula and develop improved growing techniques. The program will be funded by revenue from the excise and sales tax on wine. In the article, reporter Jeff Siegel explains that at this time, “The only curriculum in enology—the science of wine and winemaking—is at Grayson County College in Denison, which offers a one-year certificate and a two-year degree in enology.”

The Economic Pulse of the Wine and Grape Industry

A May, 2005, Texas Wine Marketing Research Institute report, “A Profile of the Texas Wine and Grape Industry,” noted that the growth of the Texas wine and grape industry significantly impacts Texas, contributing $200 million to the state’s economy in 2004, including $4.1 million in direct excise and sales tax revenue on produced wine.

The overall economic impact figure includes substantial expenditures in hospitality and tourism related to the wine industry. For example, the report
Wine Industry Legislation Enacted by the 79th Legislature, Regular Session

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<th>Bill #</th>
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<td>S.B. 571</td>
<td>Grants Texas wineries the specific operating hours of 8:00 a.m. to midnight, Monday through Saturday, and 10:00 a.m. to midnight on Sundays. Previously there were no specific hours for wineries.</td>
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<td>S.B. 877</td>
<td>Enables both Texas and out-of-state wineries to deliver directly to ultimate consumers for personal consumption up to 35,000 gallons of wine per year anywhere in Texas where the possession of wine is legal. Allows each ultimate consumer to receive a total of three gallons (about one and one-half cases) of wine per month. Requires out-of-state wineries to: • obtain an out-of-state winery direct shipper’s permit ($75) and a Texas sales tax permit; • collect and periodically submit Texas excise and sales taxes; and • refrain from having any direct or indirect financial interest in a Texas wholesaler or retailer.</td>
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<td>S.B. 1137</td>
<td>Wine Industry Development Act: • Grants the commissioner of agriculture the ability to grant a variance to the 75 percent Texas grape provision in Sec. 16.011, Alcoholic Beverage Code, on a variety by variety basis, if sufficient quantities of the relevant grape or fruit is not available in Texas. • Establishes a state policy that recognizes the importance of the Texas wine industry and expresses support for that industry and authorizes the commissioner of agriculture to appoint a Texas Wine Industry Development Advisory Committee to plan for future industry development. • Allows for the establishment of winery co-ops (sharing of equipment, space, etc), repeals the four wine festivals per year limit, and authorizes wineries to advertise where their wines may be purchased. • Authorizes wineries with restaurants in wet areas to serve beer to enable them to offer a selection of alcoholic beverages at their restaurants. Food must be served. • Creates the Tourist-Oriented Directional Sign Program in Texas to enable more wineries to acquire directional signs on state highways.</td>
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<td>S.B. 1370</td>
<td>Captures excise and sales tax revenues that exceed current revenues plus average growth for reinvestment into programs such as Pierce’s Disease research, irrigation research, and health effects marketing that assists the development of the wine industry.</td>
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<td>S.B. 1692</td>
<td>Allows for the storage of wine outside of the county where it is produced.</td>
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<td>S.C.R. 16</td>
<td>Declares the importance of the Texas wine industry to Texas state agencies, encourages their support of the industry, and requests the inclusion of Texas wine when alcohol is served at state agency functions.</td>
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<td>S.C.R. 17</td>
<td>Encourages Texas A&amp;M University, Texas Tech University, Grayson County College T.V. Munson Viticulture and Enology Center, and other Texas institutes of higher education offering education and research opportunities in viticulture and enology to collaborate to develop a world-class education and research program within Texas.</td>
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<td>S.C.R. 18</td>
<td>Advises the Texas Congressional delegation of the emerging Texas wine industry and encourages its support for initiatives and funding for Pierce’s Disease research and other areas important to the industry.</td>
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<td>S.C.R. 19</td>
<td>Encourages the Texas Wine Marketing Research Institute to include specific data in its annual analysis of the Texas Wine Industry.</td>
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Summary that tourists visiting wineries on the “eight Texas wine trails” in 2004 spent an estimated $27.7 million on wine, souvenir items, food, lodging, and transportation. Destination attractions in the wine regions, such as bed and breakfast facilities located near wineries, wine festivals, and educational seminars, appeal to tourists and contribute to the economic impact of the industry.

The report also states that approximately 1,898 Texas jobs were directly and indirectly supported by the wine industry in 2004. Among the professions related to the wine industry are those of vineyard manager, wine exporter/seller, sommelier, hospitality and tourism professional, chef, wine chemist, grape grower, and vineyard owner.

Currently, California, Washington, New York, and Oregon, respectively, are the leading wine producing states, with Texas being the fifth-largest. According to the Texas Wine Marketing Research Institute at Texas Tech University, currently there are 96 wineries producing Texas wines. A press release dated January 24, 2006, from the United States Department of Agriculture regarding Texas grape production stated that the total estimated value of the 2005 Texas grape crop is $10.6 million. The major varieties produced in Texas in order of production are: cabernet sauvignon, chardonnay, sauvignon blanc, chenin blanc, and merlot.

**Conclusion**

Today the Texas wine industry is an integral part of the state’s agriculture business. Just as Texas beef and barbecue are known worldwide, the dedicated stakeholders in the state’s wine industry continue to create wines that represent and promote the Texas image.

With industry and financial support, Texas is contracting with the premier winery and vineyard consulting company, MKF Research, to better assess the economic impact of the wine and grape industry on the Texas economy. This study is under the direction of the Texas Wine Marketing Research Institute at Texas Tech University. Funding for more research, education, and marketing offers the best opportunity to place the Texas wine and grape industry in a more competitive position with other key wine producing states.

—Jessica Smith, SRC

**Sources:**

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