



WINEGRAPE GROWERS OF AMERICA — EST. 1978

The official newsletter of the Winegrape Growers of America



Looming Government Shutdown

Gavin Pielow

Congress is not currently expected to reach the critical deadline of September 30 for passing all its appropriation bills, and consequently a government shutdown is now imminent. This development will undoubtedly bring far-reaching consequences for our industry.

Specific Implications for Winegrape Growers

- 1. Disruption of Trade and Exports:** The Foreign Agricultural Service (FAS) plays a pivotal role in promoting the export of U.S. wine and winegrapes. A shutdown disrupts trade and exports, impacting our international market presence and causing economic uncertainty.
- 2. Delayed or Cancelled Payments:** The Farm Service Agency (FSA) plays a pivotal role in our industry by administering crucial programs such as the Noninsured Crop Disaster Assistance Program (NAP) and the Price Loss Coverage (PLC) program. In the event of a government shutdown, the FSA's operations could be disrupted, leading to delays or even cancellations of payments vital to our members.
- 3. Disruption of Research and Development:** The Agricultural Research Service (ARS) is at the forefront of research on winegrapes, including pest and disease management, grape breeding, and viticulture practices. A shutdown could disrupt this research, potentially hindering advancements that directly benefit our growers.
- 4. Delays in Permit Issuance:** The Alcohol and Tobacco Tax and Trade Bureau (TTB) is responsible for issuing permits and licenses to wineries. A government shutdown will lead to delays in wineries obtaining the necessary permits and licenses to operate smoothly. Delayed operations for wineries can trickle down to negative impacts on their winegrape grower partners.

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Looming Government Shutdown (continued)

5. **Uncertainty and Instability in the Winegrape Market:** Beyond these specific concerns, a government shutdown would introduce uncertainty and instability into the winegrape market. This could affect our ability to secure loans and financing, potentially leading to lower prices for winegrapes, which in turn could impact the livelihood of our members.

Consumer Spending Downturn: An Added Concern

Additionally, a government shutdown will likely result in a decrease in consumer spending, compounding the challenges facing our industry.

Farm Bill Update

The Farm Bill stands as a cornerstone of agricultural legislation, authorizing funding for a diverse range of programs that hold immense importance for our community of winegrape growers. As we approach the expiration of the current Farm Bill at the end of September 2023, we must be prepared for the likelihood that Congress may postpone the passage of a new Farm Bill until 2024.

Implications of Farm Bill Postponement for Wine Grape Growers

- **Uncertainty about the future of important programs:** The Farm Bill authorizes funding for a number of programs that are important to winegrape growers, such as the Noninsured Crop Disaster Assistance Program (NAP) and the Price Loss Coverage (PLC) program.
- **Potential delays in payments:** If a new Farm Bill is not enacted until 2024, winegrape growers could face delays in receiving payments under existing programs such as NAP and PLC. These payments are vital to the stability of our operations and help us mitigate losses caused by unforeseen disasters and market fluctuations.
- **Difficulty in planning for the future:** The absence of a new Farm Bill makes it substantially more challenging for winegrape growers to plan for the future. Decisions regarding investments and securing loans become uncertain, hindering our ability to chart a clear path forward.
- **Missed Opportunities:** The Farm Bill not only supports existing programs but also presents opportunities for winegrape growers to explore new markets, develop innovative products, and enhance their operations. The postponement of the Farm Bill jeopardizes our access to these opportunities, potentially hindering our industry's growth and competitiveness.

Agricultural Labor

- **Farm Workforce Modernization Act:** re-introduced by Rep. Newhouse, this bill would provide a pathway to legal status for undocumented agricultural workers and reform the H-2A guest worker program.
 - The original bill passed the House of Representatives in March 2021.
 - **Fairness for Farm Workers Act:** Introduced by Senator Padilla and Representative Grijalva in 2022, this bill is receiving increasing attention; this legislation would extend overtime and minimum wage regulations to farm workers, with phasing in of its implementation over a four-year period.
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Appropriations

As of September 2023, Congress has not yet passed all of the appropriations bills for the fiscal year 2024, which begins on October 1, 2023. If Congress fails to pass all of the appropriations bills by September 30, 2023, the federal government will go into a government shutdown. This would have negative implications for winegrape growers, as outlined in a previous section of this update.

Before focusing on reauthorizing the farm bill, lawmakers must first get through a contentious appropriations season. So, while the Farm Bill authorizes the NAP and PLC programs and sets the maximum funding levels for each program for the years covered by the Farm Bill, it is the Agricultural Appropriations Bill provides the actual funding for these programs on a yearly basis. Failure to pass the Agriculture Appropriations Bill will compound the implications for the Farm Bill's delay, like delayed payments under programs such as the NAP and PLC, disruption of ongoing research, delays in permit and licensing issuing, and disruption in trade and exports.



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Funding Differences

In terms of funding differences between the latest House and Senate versions of the Agricultural Appropriation Bills, the House is wrestling with more partisan proposals with a \$17.8 billion dollar years for FY 2024 – a substantial drop from the \$25.5 billion allocated in FY 2023. In contrast, the Senate has engaged a more bipartisan approach and reached an agreement in its chamber for a \$26.0 billion proposal for FY 2024.

Appropriation Bills (Billions)	Enacted FY 2023	Senate FY 2024	Difference (House from Senate)
Agriculture	\$25.5	\$17.8	\$(8.2)

Takeaways

In these critical times, as the specter of an imminent government shutdown looms, we must acknowledge the profound impact it will have on our industry. The disruption of trade, delayed payments, and uncertainty in the winegrape market, coupled with the postponement of the Farm Bill, underline the urgency of advocating for our industry's stability. Additionally, as we monitor legislative developments related to agricultural labor and appropriations, we must recognize the interdependence of these bills and the need for bipartisan cooperation to secure adequate funding. Your continued support and engagement are essential as we navigate these challenges and work towards securing a prosperous future for winegrape growers.

The Winegrape Growers of America

Formed in 1978, to represent the national winegrape growing industry, the Winegrape Growers of America (WGA) connects the power of unity, cooperation and efficiency. WGA serves as the national lobbying arm of the domestic winegrape industry. We provide a forum for communication and exchange of information among member states. Our unified voice for winegrape growers focuses on important policy issues such as research, smoke impact concerns, wine taxes, international trade and government regulation. Since 1978, officers have come from states including New York, Texas, California, Ohio, Virginia and Washington.