



Fruits of Labor

BY CANDACE MOONSHOWER

The owners of Arrington Vineyards battle a harshly restrictive regulatory environment to prevent their winery from withering on the vine.

In 2002, Kip Summers, a former road musician and winemaker, along with his business associate, Fred Mindermann, approached Kix Brooks, one half of the platinum-selling country music duo Brooks & Dunn, about investing in a vineyard. Brooks was interested, but he wasn't too thrilled about using his own land—grape-friendly rolling hills in Leiper's Fork—and opening up his private refuge to the public with a wine business. Brooks declined, but Summers and Mindermann bought another property and proceeded to plant grapes.

A few years later, Brooks, with some downtime between *Hillbilly Deluxe* and *Cowboy Time*, was in a position to be an active part of the venture and joined Summers and Mindermann. He invested \$2 million in the venture for 50% ownership. (Summers and Mindermann each own 25% of the business.)

"We decided to go forward with a winery in early 2005," Summers says, "but Williamson County, with no precedent for a business like ours, had to study the undertaking and provide the necessary approvals." In fact, the powers-that-be in Williamson County, though realizing that a winery with a high-profile owner like Kix Brooks would garner a lot of attention, took about a year and a half to grant the necessary approvals. After permission was granted, the partners wasted no time.

One of the first major steps was naming their new enterprise. "We didn't want it to be the 'Kix Brooks Winery,' so we named it after the town where it is located," Summers says. "We wanted the winery to be more about Williamson County and the local scene." Arrington Vineyards was born.

PHOTOS COURTESY OF ARRINGTON VINEYARDS

“In April 2005, the three of us were out planting grapes in the sleet,” Summers says. “It was freezing cold that day, but it had to be done that day—a Saturday—because we all had jobs and it was the one day we could get together to do the planting.”

The vineyard was several years out from becoming a producing winery, so Summers leased space from Beachaven Winery in Clarksville—where he spent 13 years as a winemaker—and began the primary fermentation stage of winemaking, transferring the wine back to Williamson County for barreling.

Kix Brooks is not a partner in name only. According to Summers, the country music star enjoys the outdoors and is

a hands-on guy. “In June 2007, we were doing a lot of bottling,” he says, “and the bottling work continued long into the night. We had to let the crew go, so Fred, Kix, our wives and I all worked the bottling line—the most expensive bottling crew I’ve ever employed in my life!”

While it might appear that the hard work of planting a vineyard and building a winery lies in the planning stages, Summers can attest to the frustrations that Tennessee wine producers experience when it comes to selling their products. Compared to surrounding states, Tennessee is unique in its approach to the regulation of alcohol, which may be the result of the state’s location in the heart of the nation’s “Bible Belt.”

Wine cannot be sold in grocery stores, and there are only so many liquor licenses allowed per capita, making it hard to open a liquor store just to sell wine. That greatly limits the outlets for wine sales. Though wineries consider themselves agricultural endeavors, retail liquor stores view wineries as, well, liquor stores. As a result, retail associations are against wineries on a political level. “It is very counter-productive,”




Summers says. “It is more of a regulatory mindset than a pro-business mindset, so the climate for wineries in Tennessee is tough.”

Summers also points out that, in Tennessee, there is no pro-winery political or business climate, despite the fact that agritourism as a revenue-producer is growing at a fast clip. “When the state makes decisions—when legislation is introduced and dies on Capitol Hill—we scratch our heads,” Summers says.

Two recently defeated bills in the Tennessee legislature would have allowed wine sales in grocery stores, and for liquor stores to remain open on Sundays. As of now, consumers can only purchase wine for off-premise consumption in tasting rooms and liquor stores. Signage reg-


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ulations are also a roadblock for wineries. Consumers find it hard to locate wineries because if a Tennessee winery is located too far from the interstate, signage regulation falls under the jurisdiction of the wineries' resident counties. In some cases, this prohibits wineries from placing signs that would direct customers to their locations.

One law that frustrates local wineries is the limit on maximum sales—no matter how many grapes are grown or how many barrels of wine produced, the state limits the number of gallons that can be sold out the front door of a winery per year. "Retailers and wholesalers have been afraid that a big wine concern, like Gallo, might move into the state and take over, putting small stores out of business," Summers says. "So for years, the limit was at 5,000 gallons per year per winery." Gradually, the maximum amount has been increased up to 40,000 gallons per year, but wineries want to raise that limit, knowing that increased sales will follow.

Summers points to a nearby winery—the Biltmore in Asheville, N.C.—as an excellent example of a winery that sells 60,000-plus gallons of wine a year, an amount he considers achievable in a Tennessee winery. "But to have that kind of winery," Summers says, "there has to be an incentive. Winery owners do not want to invest millions of dollars and be limited on the amount of profit they can make. No one would do that. It does not make sense."

Wine growers and lobbyists approached the legislators and pointed out how impractical it is to limit business owners on the amount of profit they can make, and the legislators agreed. They unanimously voted to eliminate the sales limits. Problem solved? Not exactly. The sales limits are eliminated, but only if the wine is made from Tennessee grapes. Summers points out that this regulation directly violates the Supreme Court argument that says states cannot restrain trade with

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each other. Of course, Tennessee wineries want to use Tennessee grapes in their wine, but taking into account drought or other environmental reasons, they cannot always do so. Thus, the “Tennessee Grape” exception restricts trade when wineries need to buy grapes from other states.

Summers says another area of frustration involves what Tennessee wineries can and cannot sell. “There is always innuendo from the liquor lobby that Tennessee wineries are not legitimate, that we’re skirting the law,” he says. But it is the Alcoholic Beverage Commission (ABC) that enforces the laws in the state, and the ABC is now inviting interested participants to weigh in on proposed rule changes. Previously, the language of the guidelines on sales of non-wine items in gift shops was such that the ABC had to fine wineries for items that did not appear to fit the rules as they were written, such as wine tools in gift shops. “We went to the legislators and asked them to open up the language in the rule to say wineries can sell gift items as regulated by the ABC,” Summers says. “So now, the ABC agents can make the call on whether a winery should be fined or not on sales of wine-related items in its shop.”

Operating a vineyard and winery

is a capital-intensive business and requires a long-term commitment—a vineyard needs four years to produce a full crop of grapes and up to three more years before wine from those grapes can be sold. Major capital is necessary to plant a vineyard or build a winery and, unlike other businesses, a vineyard cannot leave the state when times are hard. The business and the product it creates are tied to the land—Tennessee land—so it is only natural that winery owners want to improve the laws and regulations that impact their businesses and potential profits.

Despite the regulatory obstacles, wineries are here to stay. Between 1999 and 2005, the Tennessee wine industry grew 70%. Currently, there are 30 wineries in the state, with the majority of grape-producing vineyards located in East Tennessee, where mountainous topography and plenty of available water make the area imminently suitable for grape production. Seven wineries are located in Middle Tennessee; two are in West Tennessee.

Tourists visiting wineries increase overall tax revenue for the state. And there is no corresponding drain on the economy since tourists do not require infrastructure. In a report published by MKF Research titled “Economic Impact of Wine and Grapes in Tennessee 2007,” the full economic impact of wine, wine grapes, and related industries and services in Tennessee was approximately \$139 million, based on 2005 year-end data.

In the last five years, Summers has been working to educate legislators about wineries and their positive financial impact on agritourism and the overall Tennessee economy. “The liquor lobby is good at presenting its side of the story, but we’re making inroads,” he says. “And many legislators are now starting to see wineries as ‘the hometown team.’” Arrington Vineyards has officially joined the game. **tn**

► *feedback:* ruble@businessstn.com



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