

Katherine Douglas *Public Comment*

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From: Steve Pepe <steve@clospepe.com>
Sent: Friday, December 13, 2024 9:43 AM
To: sbcob
Subject: FW:BOS Meeting Tuesday December17th Item D2- SB County Wine BID

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Good morning,

Please include the below paragraph and a copy of the Noozhawk article from the below link in the materials for the above BOS agenda item.

Noozhawk has about 170,000 viewers. The article was also featured a Guest Commentary on the Santa Maria Times Editorial page and the Santa Ynez Valley News. A friend posted it on LinkedIn. It also appeared on EdHat. The Santa Barbara Independent told me they will run the article as well.

Thank you. Steve.

Stephen Pepe
Clos Pepe Vineyards LLC
4777 E. Hwy 246
Lompoc, CA 93436

805 735 7867



Steve Pepe

Daily update · November 25, 2024

NEWS

[Steve Pepe: Santa Barbara County Wine Tax Leaves Small Vintners with Sour Taste](#)

Noozhawk

Under the Santa Barbara Vintners' proposed Wine Preserve, consumers would pay a 1% assessment on all of their Santa Barbara County winery ...



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Steve Pepe: Santa Barbara County Wine Tax Leaves Small Vintners with Sour Taste



by Steve Pepe

November 24, 2024 | 1:35 pm

Under the [Santa Barbara Vintners'](#) proposed Wine Preserve, consumers would pay a 1% assessment on all of their Santa Barbara County winery purchases to fund the wineries' marketing and lobbying program.

What could be wrong with that? Lots.

The Santa Barbara Vintners only has about 30% of the county's wineries as members. Most members are the large wineries, several of which are owned by billionaires.

The association is asking the [Board of Supervisors](#) to [approve the Wine Preserve](#), a Business Improvement District that will force consumers who buy wine, merchandise, etc. from wineries in the county to pay an additional 1% of their purchases for the wineries' marketing and lobbying.

This payment is forced by the government, the Board of Supervisors. The consumer footing this bill has no say about the speech — marketing and lobbying — for which these funds will be used.

Who is pushing the Wine Preserve? It's the large wineries that want to market their Santa Barbara County wines nationally.

There's something rich about forcing your customers to pay for the advertising of your wine that they are buying.

The [WineBerserkers](#) is an online community of those in the wine business and wine-centric consumers.

Earlier this year a thread was started about the Wine Preserve. The initial responses, especially from consumers, were quite critical and damning.

A vintner staff member jumped on the thread to promote the Wine Preserve and touted its success elsewhere, specifically Temecula. He got shredded. The incoming was so bad that he dropped out of the thread.

One of the small Santa Barbara County winery owners, who is often a cheerleader for county wines on WineBerserkers and who is well liked by Berserker folks, picked up the cudgel and tried to defend the Wine Preserve.

Again, the response was unanimously negative. After doing his best, this advocate raised the white flag and said he would reimburse his customers the 1% fee.

[Click here to see the exchanges](#), but viewer discretion is advised as some of the comments are painful to read.

Are there any other problems with the Wine Preserve? Yes, lots!

The **First Amendment** protects freedom of expression, which is not only the right to speak but the right not to be forced to support speech with which you disagree.

The consumer who is paying the 1% fee for the Wine Preserve's marketing and lobbying has no say in how and where those funds are spent.

The First Amendment also protects "freedom of association." The Wine Preserve, enforced by the Board of Supervisors, will compel the small mom-and-pop wineries to be members and force their customers to pay the 1%.

Why wouldn't the mom-and-pop wineries want to force their customers to pay the 1% for advertising and lobbying since "a rising tide lifts all boats"?

It is only the large wineries' yachts that need lifting. Most of the mom-and-pop rowboats are fine; they are kept afloat by the locals who buy their wine.

These small wine operations don't need to advertise nationally since their customers are locals. This is why most mom-and-pop wineries do not belong to the Santa Barbara Vintners.

The vintners claim the wineries will decide whether to implement the 1% fee by a vote in the democratic tradition, and what is wrong with that?

The vote is weighted and determined by the sales tax paid by the wineries. The vintners claim this vote-weighting is fair because the large wineries would pay most of the 1%.

If that were true, I would agree with the vintners. But it is not the large wineries that are paying the money, it's the consumers and they have no vote.

There are some 250 to 300 wineries in the county. The 20 or so large wineries will decide this issue because of the weighted voting.

And some folks are complaining about the **Electoral College!**

These First Amendment violations are not unique to the Wine Preserve.

The **State Bar of California** requires all attorneys to pay an annual membership fee. I plead guilty to being one for more than 50 years.

The State Bar had used these funds to support programs not related to the practice of law — like banning nuclear war and saving whales. A pesky lawyer sued in 1990 and the **U.S. Supreme Court** held 9-0 in **Keller v. State Bar of California** that the organization could not use members' dues for nonlaw-related matters.

There are similar cases involving unions. After a union wins an election and negotiates a union contract with a union shop clause, all employees must join the union and pay union dues or be fired.

Some employees claimed they did not want to be a union member and have their dues support political candidates they opposed. Those bothersome employees again!

In a series of cases, the U.S. Supreme Court ruled that the First Amendment's freedom of association prohibited unions from forcing employees to be members of the union.

Also, that the First Amendment's freedom of speech required the union to have a two-tiered dues structure and provide a lower dues for nonunion members that excluded the dues money used for the union's political activities — like making contributions to political candidates.

The Santa Barbara Vintners correctly state the Wine Preserve is the same as the fees hotels charge to support their marketing, so how can the Wine Preserve be illegal? The answer is simple: no persistent lawyer has sued the hotels ... yet.

There is no question the wine industry is hurting. After the **COVID-19** bump, wine sales for the last three years have declined and inventories are rising.

Also, people are drinking less and alcohol-free drinks are booming. However, the solution is not to have customers pay for the advertising of the wine they are buying.

The Wine Preserve should be voluntary, not compelled by the Board of Supervisors. The large winery owners should use their own money to market and lobby, not the consumers' 1% add-on since they have no vote.

Didn't we **fight a revolution** over no taxation without representation?

MORE WINE PRESERVE

Laurie Jervis: Santa Barbara Vintners' Push for Wine Preserve Takes Step Forward
