

THE ECONOMIC IMPACT OF WINE AND WINE GRAPES ON THE STATE OF TEXAS – 2013

**A Frank, Rimerman + Co. LLP Report
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This study was commissioned by the

Texas Wine and Grape Growers Association

in conjunction with the

Texas Wine Marketing Research Institute

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FULL ECONOMIC IMPACT OF WINE AND WINE GRAPES ON THE TEXAS ECONOMY

\$1.88 Billion

TEXAS WINE, WINE GRAPES AND VINEYARDS	2013 ECONOMIC IMPACT	2011 ECONOMIC IMPACT
Full-time Equivalent Jobs	11,151	10,870
Wages Paid	\$417 million	\$400 million
Winery Revenue	\$84 million	\$86 million
Wine Produced (Cases)	1.3 million	1.4 million
Retail Value of Texas Wine Sold	\$134.1 million	\$142.4 million
Vineyard Revenue	\$8.6 million	\$7.0 million
Number of Wineries	286	236
Number of Grape Growers	389	420
Grape-Bearing Acres	3,500	4,400
Wine-Related Tourism Expenditures	\$466.1 million	\$437.8 million
Number of Wine-Related Tourists	1.6 million	1.4 million
Taxes Paid: Federal / State and Local	\$105 million / \$85 million	\$92 million / \$92 million

Table 1
Total Economic Impact of Wine and Grapes in Texas

Revenue	2013	2011	2009
Winery Sales - Distributors	\$36,975,000	\$40,401,000	\$35,302,000
Winery Sales - Direct	46,929,000	45,468,000	32,764,000
Distributor Revenue	11,093,000	12,120,000	10,591,000
Restaurants Revenue	18,352,000	21,817,000	19,063,000
Retail Revenue	20,706,000	22,625,000	19,769,000
Wine Grape Sales	8,564,000	6,987,000	3,554,000
Tourism	466,078,000	436,387,000	379,537,000
Winery Suppliers	6,918,000	7,479,000	6,750,000
Vineyard Suppliers	1,862,000	9,341,000	3,756,000
Trucking	2,905,000	3,141,000	2,835,000
Wine Research/Education/Consulting	1,119,000	2,969,000	2,936,000
Charitable Contributions	839,000	859,000	681,000
Tax Revenues - Federal	105,366,000	92,137,000	96,263,000
Tax Revenues - State & Local	85,129,000	91,549,000	78,520,000
Indirect (IMPLAN)	397,497,000	357,943,000	359,344,000
Induced (IMPLAN)	250,262,000	282,749,000	284,640,000
Total Revenue	\$1,460,594,000	\$1,433,972,000	\$1,336,305,000

Wages	2013	2011	2009
Wineries	\$25,766,000	\$19,827,000	\$15,210,000
Distributors	10,916,000	9,564,000	9,183,000
Restaurants	16,930,000	15,418,000	14,624,000
Retail (includes grocery stores)	7,767,000	7,151,000	6,746,000
Vineyard	4,564,000	5,478,000	4,083,000
Tourism	140,859,000	121,526,000	116,141,000
Winery Suppliers	1,307,000	1,413,000	1,275,000
Vineyard Suppliers	729,000	916,000	625,000
Trucking	555,000	601,000	542,000
Wine Research/Education/Consulting	588,000	1,861,000	1,954,000
Indirect (IMPLAN)	126,283,000	125,347,000	118,722,000
Induced (IMPLAN)	81,101,000	90,501,000	89,725,000
Total Wages	\$417,365,000	\$399,603,000	\$378,830,000
Total	\$1,877,959,000	\$1,833,575,000	\$1,715,135,000

Table 2
Total Employment of Wine and Wine Grape Industry in Texas

Employment	2013	2011	2009
Wineries	1,068	873	719
Distributors	166	146	154
Restaurants	1,006	916	897
Retail (includes grocery stores)	308	295	291
Vineyard	288	362	247
Tourism	4,152	3,763	3,852
Winery Supplies	24	26	23
Vineyard Materials	16	20	14
Trucking	13	14	13
Research/Education/Consulting	12	41	41
Indirect (IMPLAN)	2,267	2,307	2,276
Induced (IMPLAN)	1,830	2,108	2,229
Total Employment	11,151	10,870	10,756

METHODOLOGY

DATA COLLECTION

Data for this study was collected from a variety of public sources supplemented by primary research with wineries, suppliers, growers and other economic entities and supported by a variety of studies undertaken by industry and professional organizations. For several data items the numbers provided are only partial, given the limited availability of information, and therefore are considered conservative.

DIRECT, INDIRECT AND INDUCED EFFECTS (IMPLAN)¹

All economic activities have “ripple” effects: employment of one person creates economic activity for others, whether the salesman who sells the employee a car or the restaurant where she eats lunch. Economic impact studies endeavor to measure those “ripples” as well as the direct activity, to help assess the impact of the potential gain or loss of an industry.

Economic impact studies estimate the impact of an industry in a defined geographic region by identifying and measuring specific concrete and economic events, such as the number of jobs, the wages, taxes and output generated by each job.

IMPLAN¹ is the acronym for “**IMP**act analysis for **PLAN**ing.” IMPLAN is a well established and widely used economic model that uses input-output analyses and tables for over 500 industries to estimate these regional and industry-specific economic impacts of a specific industry.

The IMPLAN model and methodology classifies these effects into three categories, Direct Effects, Indirect Effects and Induced Effects.

Direct Effects are economic changes in industries *directly* associated with the product’s final demand. Thus, direct effects consider the direct employment and spending of wineries, vineyards, distributors and immediately allied industries.

Indirect effects are economic changes – income created through job creation in industries that supply goods and services to the directly affected industries noted above. For example, the purchases of electricity and gasoline by wineries and of cash registers purchased for a tasting room.

¹ IMPLAN is the standard economic model for economic impact studies, developed by the University of Minnesota and the US Forestry Service in the 1980s and currently used by over 1500 organizations, including most federal, state and local organizations. For more information on IMPLAN, go to www.implan.com.

Induced effects are the effects of these new workers spending their new incomes, creating a still further flow of income in their communities and a flow of new jobs and services. Examples are spending in grocery and retail stores, medical offices, insurance companies, and other non-wine and grape related industries.

Beginning in late 2009, the Minnesota IMPLAN Group released version 3.0 of its flagship IMPLAN software product, which makes it possible to include Trade Flows in an impact analysis. We used this latest version with its increased functionality to produce this report.

ABOUT FRANK, RIMERMAN + CO. LLP

Frank, Rimerman + Co. LLP, founded in 1949, is the largest, locally-owned provider of accounting and consulting services in California. With offices in San Jose, Palo Alto, San Francisco and St. Helena, California, New York, New York and over 300 professionals, Frank, Rimerman + Co. LLP offers strategic business and information consulting services, tax consulting and planning, audit and financial reporting, accounting services, litigation and valuation services.

Frank, Rimerman + Co. LLP is the leading research source on the U.S. wine industry. We continue to strive to raise the bar on the quality of information and analysis available to the wine industry.

Frank, Rimerman + Co. LLP produces original research on the business of wine and wine market trends, publishes a number of industry studies and provides business advisory services and conducts custom business research for individual companies and investors.

Frank, Rimerman + Co. LLP has a dedicated Wine Business Services practice which lists many wineries, vineyards, industry suppliers and industry trade organizations as clients. Services provided include:

- Economic impact studies
- Custom industry research
- Financial benchmarking
- Financial audits, reviews and compilations
- Income tax consulting and compliance
- Business valuation
- Financial modeling and business plan development
- Accounting services
- Enterprise sustainability
- Transaction readiness
- Business planning and general winery consulting

FRANK, RIMERMAN + CO. LLP PUBLICATIONS

Grape Trends

By combining the annual crush and acreage reports into one easy-to-use quick reference guide, Grape Trends provides, in one source, all the information needed to make informed decisions about California's grape supply for production planning. Provided in electronic form, Grape Trends includes a complete summary of current, past (since 1997) and projected tons, prices, and bearing acres for all of California's major grape growing regions and counties for all varieties recorded, including: Chardonnay, Sauvignon Blanc, Cabernet Sauvignon, Merlot, Syrah, Zinfandel, and Pinot Noir.

Grape Price Analysis Tool

The Grape Price Analysis Tool enables users to take a deep dive into the California Grape Crush Report and analyze estimated bottle prices in relation to tonnage prices. The tool makes the data from the Crush Report easy to access and provides actionable results to help determine tonnage prices based on an estimated finished bottle price.

Economic Impact Reports

Frank, Rimerman + Co. LLP completed the first study of the Impact of Wine, Grapes and Grape Products on the American Economy for Wine America, the Wine Institute, Winegrape Growers of America and the National Grape and Wine Initiative as well as the first economic impact study of the Wine and Grape Industry in Canada. Additionally, Frank, Rimerman + Co. LLP produced economic impact studies for the following US states: Arkansas, California, Illinois, Iowa, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia and Washington.

Recent Economic Impact Studies and Updates published by Frank, Rimerman + Co. LLP include the following, all available for purchase from Frank, Rimerman + Co. LLP:

- Economic Impact of Wine and Wine Grapes in Iowa 2012
- Economic Impact of Wine and Wine Grapes in Ohio 2012
- Economic Impact of the Wine and Grape Industry in Canada 2011
- Economic Impact of Wine and Grapes in New Jersey 2011
- Economic Impact of Wine and Wine Grapes in Illinois 2011
- Economic Impact of Wine and Grapes in Canada 2011
- Economic Impact of Texas Wine and Vineyards 2011
- Economic Impact of Pennsylvania Wine, Grapes and Juice 2011
- Economic Impact of Arkansas Wine and Vineyards 2010
- Economic Impact of Oklahoma Wine and Vineyards 2010
- Economic Impact of Virginia Wine and Vineyards 2010
- Economic Impact of Texas Wine and Vineyards 2009
- Economic Impact of Wine and Wine Grapes in North Carolina 2009
- Economic Impact of Wine and Wine Grapes in Iowa 2008
- Economic Impact of Wine and Wine Grapes in Ohio 2008
- Economic Impact of Wine and Wine Grapes in Illinois 2007
- Economic Impact of Pennsylvania Wine and Grapes 2007
- Economic Impact of Wine and Grapes on the State of Texas 2007
- Economic Impact of Wine and Grapes in Missouri 2007
- Economic Impact of Wine and Wine grapes in Tennessee 2007
- Impact of Wine, Grapes and Grape Products on the American Economy 2007
- Economic Impact of California Wine 2006
- Economic Impact of Washington Grapes and Wine 2006
- Economic Impact of Wine and Wine Grapes in North Carolina 2005
- Economic Impact of Wine and Wine Grapes in Texas 2005
- Economic Impact of Michigan Grapes, Grape Juice and Wine 2005
- Economic Impact of New York Grapes, Grape Juice and Wine 2005