

Santa Barbara County WINE BID



What is the “Wine BID” and why are we considering it?

“Wine BID” is short for “Wine Business Improvement District.” You have probably seen a BID in action before. Our neighboring hotels and tourism boards charge a small fee on all hotel stays. This self-assessment is a choice made by the entire wine industry to generate marketing dollars that feed back into promoting and protecting the area. The fee is paid for by the consumer and funds the designated tourism boards. It is not a tax, because it is not funding the government, but it can feel like a tax because it is paid for by the consumer and collected at the point of purchase. The Association is proposing a similar assessment on DTC sales in Santa Barbara County to fund the mission of promoting and protecting the wine industry. The BID is a potential solution to the ongoing funding problems of the wine industry. The Vintners Association has long been seeking a way to create sustainable, reliable funding. We constantly struggle with ambitions and expectations that exceed our budget. We are working to improve our budget through a number of channels, including grants, sponsorships, and targeted fundraising; however, this BID is the most effective and influential solution we’ve found that will create long-term, stable funding for our wine region that does not come out of the pockets of our vintners.

Current Annual Operating Budgets of CA Wine Associations						
Region	2013	2014	2015	2016	2017	Wine BID
NAPA	7,525,000	8,049,000	6,821,000	5,753,000	7,276,000	
PASO	1,338,000	1,321,000	1,509,000	1,525,000	1,568,000	
SONOMA	1,496,000	1,569,000	1,490,000	1,760,000	1,613,000	
SBC	311,000	340,000	236,000	414,000	552,000	1,635,806

What sales would this assessment be charged on, what will the assessment amount be, and why?

The assessment would be charged on all DTC sales to CA customers. This includes all items (wine, merchandise, events, etc.) sold in the tasting room and any items shipping to California customers, including orders made through internet, phone and wine club. This allows the BID to be tied to CA sales tax, ensuring a reliable system of collection that is not dependent on self-reporting and does not create additional work for vintners to report.

No	Yes
Wholesale	All tasting room sales, no matter where the customer is from
Phone, wine club or web sales to non-CA residents	Phone, wine club, events, and web sales to California residents

Our goal for year one is an operating budget of \$1.5MM. Based on the data provided by Santa Barbara County, 2% is the minimum we need to charge to reach that target.

DTC Sales Made to CA Residents	1%	1.50%	2%	2.50%	3%	
	\$81,790,294	\$817,903	\$1,226,854	\$1,635,806	\$2,044,757	\$2,453,709

How would the transaction work with the consumer?

All tasting rooms will disclose that “2% of the retail sale of wine goes to the protection and promotion of the Santa Barbara County Wine Industry.” If can pass the fee along to the consumer, or you can incorporate it into the price of your wine, but by disclosing the fee in all tasting rooms, the customer will not be confused. You would then set up an additional “tax” in your POS system to charge 2% on all wine sold to customers purchasing in your tasting room and any customers shipping to a California address. This fee would appear as a separate line item in the tax area on the receipt.

How is the fee collected?

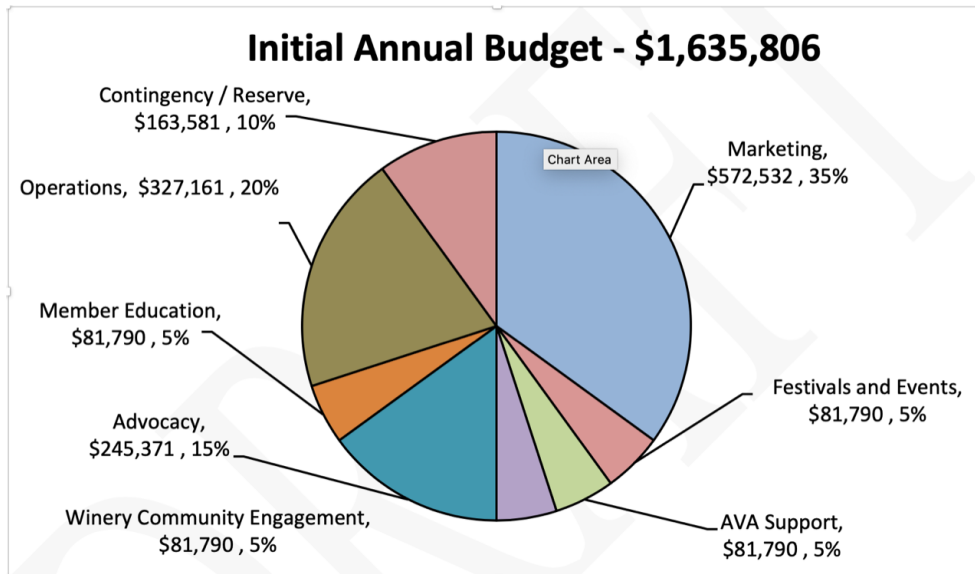
The winery would collect the fee as a part of the normal transaction (the same way tax is auto calculated and charged). There would then be a third-party auditor to collect the fee and distribute it to the Santa Barbara Vintners, keeping

your information confidential. The data needed to process the fee collection will be the same data you submit for California sales tax, so there should not be an increase in work needed from the wineries. Streamlining the work for our vintners is one of the reasons we have chosen to capture CA sales only.

Who does this apply to, who will benefit, and what’s in it for me?

The fee will be applied to all wineries in SBC, whether they are members of the association or not. All wineries will benefit in that the money generated from this BID will allow us to advocate for our wines and region the way we all want to but haven’t had the funds to do so in the past. Additionally, if the BID is implemented, membership dues will be eliminated. You can ask our local visitor bureaus and hotels how successful the Tourism BIDs have been for their businesses. A rising tide lifts all boats.

What will you spend your money on?



How will this work with my Point of Sale system?

Many Point of Sale systems have a feature built in that can support this. As an example, Wine Direct (previously Vin65) has a feature called “Handling Charge” that you can set as a percentage of a sale made to California residents (see screen shot below). Additionally, ShipCompliant is building in a feature to support BIDs as they expect this to be a needed feature in the future for multiple regions. In Square, you can add it as a separate line item. We will work with you to determine how to add the BID to your POS system. Any cost of adding a fee to the POS system is eligible for reimbursement by the BID funds.

State Profile - California

Wines			
OffSite Compliant	Yes	OnSite Compliant	Yes
Tax Rate	10.0000 %	Shipping Taxable	Shipping Is Not Taxable
Handling Charge	Charge A Percentage	Handling Amount	2.00
Handling Taxable	Handling Is Taxable		

Cancel Save

Who decides if this gets approved?

All vintners in Santa Barbara County that have a Direct-to-Consumer business are eligible to sign the petition in favor of the Wine BID. Votes are weighted based on the percentage of DTC business your brand represents of the County’s total. We need 51% to be in favor for the BID to be approved and to move to the County for final approval.