

## SANTA BARBARA COUNTY

# Wine Preserve

### What is a Wine Business Improvement District?

A Wine Business Improvement District is a geographically determined area (a "district") that contributes stable funding to promote the wine industry within that area. Our proposed district is Santa Barbara County.

### Why is Santa Barbara proposing a Wine District?

The Santa Barbara County wine region has received accolades and notoriety that continue to build our international reputation. The ambitions of our vintners outpace our funding to promote and protect our successes. Simply put, we want to do more than we can afford.

Wine Districts are fast becoming the industry standard on how wine regions are able to fund their promotion and growth.

With other regions pursuing Wine Business Improvement Districts, now is the time for us to pursue stable funding and provide longevity for our industry, or we will lag behind our competition.

### How is a Wine District funded?

Wine Districts are funded through an assessed fee wineries elect to pay.

Our fee in SBC would be 1% on all retail sales. For example, 1% of \$50.00 = \$0.50

Retail sales typically include wine, wine clubs, merchandise, and events.

### This is not a tax. Taxes fund the government, the Wine BID funds our industry.

It is crucial to understand that the assessed fee is for the exclusive benefit of the industry that collects the funds. It does not go to any other industry and may not be used by the government.



### What are examples of other Wine Districts like this?

Temecula Valley Wine and Agricultural Heritage District – 1% on retail sales – Budget: \$1,500,000

Livermore Valley Wine Heritage District – 1% on retail sales – Budget: \$700,000

*In progress:*

Paso Robles, Monterey, Mendocino, Amador

### How much money would this generate for SBC wine region?

\$1.65M to spend on marketing and advocacy for the SBC wine region (three times the current SBV budget)

### What can you spend the district funds on?

Wine District funds must be spent for the benefit of the wineries paying the assessment. This includes, but is not limited to:

- Brand Awareness
- Marketing & PR
- Events
- Educational Programs
- Special Projects
- Community & Industry Engagement

## How do you form a Wine District?

Districts are established under California's Property and Business Improvement District Law of 1994. This process requires a thorough approval process, which begins with submitting petitions from wineries that will be assessed in the district.

While the timing for each destination's district creation process is unique, on average, it takes 8-12 months.

## Which wineries have to pay the assessed fee?

All wineries within the district pay the assessed fee on total retail sales.

Wineries can pass the assessed fee on to customers, this is common practice.

In your POS system, an additional line item would be set up to charge 1% on all retail transactions.

## Who collects the money?

To keep your information confidential, a third-party accounting firm collects the fee and then distributes it to the the managing non-profit.

## How do we know everyone is paying their fair share?

The data needed to process the fees you have collected from your customer is the same data you use to submit California sales tax. We expect a minimal increase in accounting work for the wineries.

Your assessment payment can be audited against your tax data.

There are penalties and interest for wineries not collecting and submitting the assessment.

## Where does the money go?

The funding goes to a nonprofit membership organization comprised of all the fee-paying wineries. This is typically the wine industry's existing association; in our case, the Santa Barbara Vintners.

## Who decides how the money gets spent?

The Board of Directors of the nonprofit membership organization creates a Management District Plan (MDP). The MDP is a legally binding document that lays out how the entire district will operate. The plan is approved by both the assessed wineries and the Board of Supervisors and City Councils. It contains specific information such as the assessment fee amount, how it's collected, and how the funds will be used.

## What is the management oversight?

The governing non-profit must manage the district in alignment with the MDP and the guidance of the non-profit board. The non-profit must also present an annual report to the County Board of Supervisors or City Council, which is also available to assessed businesses.

## Can the City/County take the assessment money?

NO. Funds raised through the assessment must be spent within the district for the benefit of the wineries paying the assessment. Funds raised through the Wine District cannot be diverted to government programs and must be spent on programs and activities defined in the MDP.

## Are Wine Districts permanent?

Districts are initially created for up to five years, then renewed for up to 10 years.

## Questions or Comments?

Please email: [winedistrict@sbcountywines.com](mailto:winedistrict@sbcountywines.com) or call **805-688-0881**. A Board Member or staff member will get back to you.



SANTA BARBARA  
VINTNERS