

Congress of the United States
Washington, DC 20515

July 19, 2002

The Honorable Gray Davis, Governor
State of California
State Capitol
Sacramento, CA 95814

Dear Governor Davis:

As members of the Congressional Wine Caucus and/or the California Congressional Delegation, we are writing to express our strong opposition to any legislation that would impose a tax on wine and other alcoholic beverages to help fund health care programs related to alcohol abuse. We would greatly appreciate your assistance in this important matter.

While adequately funding the state's health care system is an important priority, a tax on wine is the wrong approach for a number of reasons. First, the tax is on licensed beverages and on all consumers, when health problems resulting from alcohol abuse are caused by only a small percentage of the total adult population.

Secondly, to blame wine for alcohol abuse-related health problems is misguided; many scientifically-validated studies point towards moderate consumption as a component of a healthy lifestyle for many adults. Furthermore, the wine industry already pays an extra fair share of societal costs (i.e., nearly \$3 billion in state excise taxes over the last decade).

Finally, an increase in the wine excise tax would have a devastating impact on California's wine industry, which has a \$33 billion annual impact in terms of wages, revenues and economic activity generated. It also employs over 200,000 people, provides over \$3 billion in tax revenues to federal, state and local governments and contributes over \$60 million to charities.

Tourism directly related to the wine industry results in expenditures of \$1.2 billion annually. California, if it were a nation, would be the fourth leading wine producer worldwide. Additionally, the state would account for over \$500 million in exports in 1998 or an estimated 98 percent of wine shipped from the U.S.

In the budget shortfalls of the 1990's, there were two attempts to increase the tax on wine -- one to help bailout Los Angeles County and the other to fund California's public schools -- and both were unsuccessful. The later proposal was dropped after testimony to the Senate Select Committee on California's Wine Industry indicated that such a tax would drive wineries out of business and force widespread layoffs in wine producing regions.

Because the same tragic results would occur today, we respectfully request that you oppose any measure increasing the tax on wine. Thank you very much for your consideration of this important request.

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Please contact us if you have any questions.

Sincerely,



MIKE THOMPSON
Member of Congress



ROBERT MATSUI
Member of Congress



GIL GUTKNECHT
Member of Congress



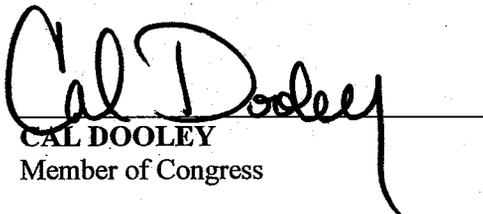
STEPHEN HORN
Member of Congress



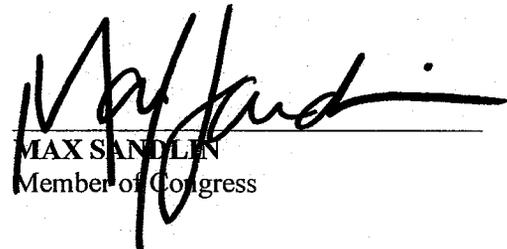
WILLIAM O. LIPINSKI
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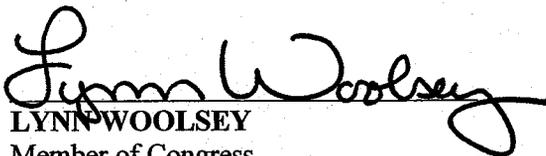
WALTER JONES
Member of Congress



CAL DOOLEY
Member of Congress



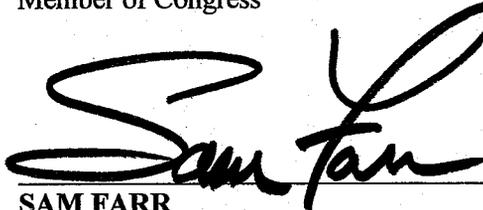
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Member of Congress



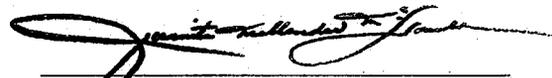
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LOIS CAPPS
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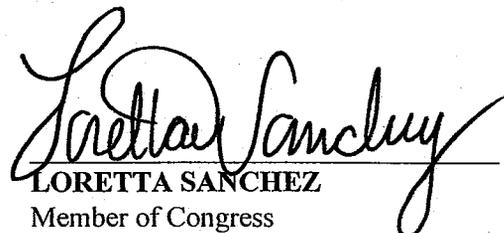
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Member of Congress



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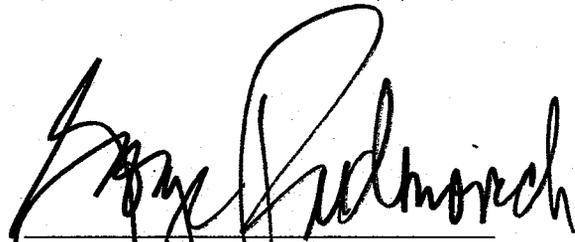
ELLEN TAUSCHER
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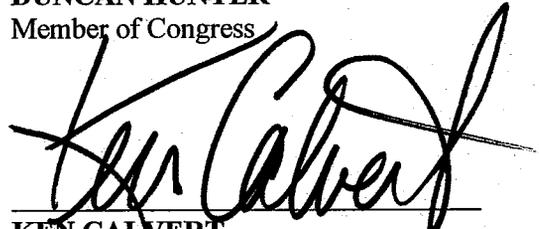
LORETTA SANCHEZ
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Member of Congress



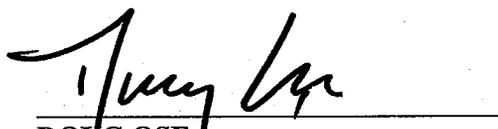
GEORGE RADANOVICH
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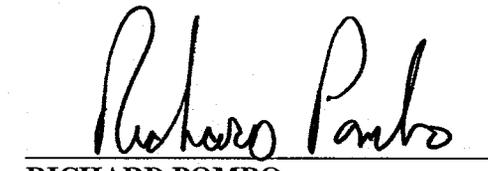
KEN CALVERT
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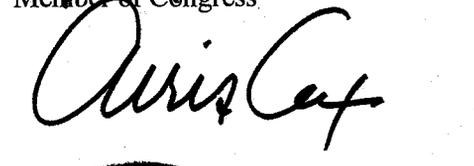
DAVID DREIER
Member of Congress



DOUG OSE
Member of Congress



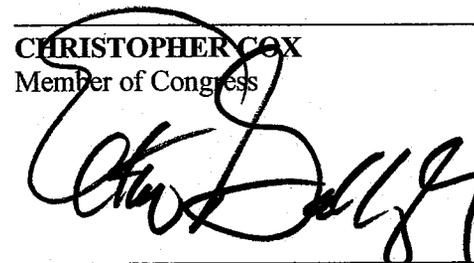
RICHARD POMBO
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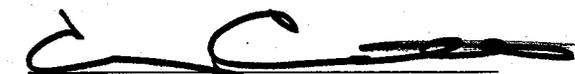
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ELTON GALLEGLY
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GARY CONDIT
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DANA ROHRABACHER
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