

2009-2010 Michigan Wine Industry Research
State of Michigan, Department of Agriculture



The History of WineMichigan

By Sharon Kegerreis and Lorri Hathaway

A collaboration of statewide wineries initiated the development of WineMichigan to protect and enhance the state of Michigan's wine industry. WineMichigan became a legal domestic nonprofit organization on June 28, 2004.

The formation of WineMichigan followed the activities of a lawsuit initiated by Michigan Residents Ray and Eleanor Heald against the State of Michigan. The Healds sued the State of Michigan in regard to discriminatory and anti-competitive direct shipping laws that adversely affected fair trade into Michigan.¹ As wine writers, the Healds often ordered wines from around the world. Michigan's antiquated laws, dating back to the 21st Amendment to the Constitution, prohibited the direct shipment of wine from other states to consumers residing in Michigan.

On August 28, 2003, the Healds prevailed in *Heald v. Engler* in the U. S. Sixth Circuit Court of Appeals. However, the state of Michigan responded by defending their regulations, and appealed the decision to the U. S. Supreme Court as *Granholm v. Heald*.

The *Granholm v. Heald* defense by the State of Michigan prompted the state's vintners to organize an initiative to protect individual winery interests and the rights of the wineries to sell direct to its customers. Don Coe of Black Star Farms in Suttons Bay ignited the first informal and small gathering of vintners, which included Mike Beck of

Uncle John's Fruit House Winery in St. Johns, Ed Gerten of Pentamere in Tecumseh, David Braganini of St. Julian Winery in Paw Paw and Bob Jacobson of Leelanau Wine Cellars in Omena.²

About the same time, Jacobson and other vintners were communicating with Robert Elhenicky, a partner of the lobbying and law firm Kelley Cawthorne based in Lansing. Eventually, the group hired Elhenicky, who represented the legislative interests of the state's wineries in regards to the shipping issue.

As the shipping issue escalated, it was evident a more formal organization of the state's vintners was needed. The five initially involved in the discussions began to reach out to the state's other vintners through word-of-mouth communication via the wine trails and correspondence through the Michigan Grape and Wine Industry Council (MGWIC). The MGWIC, within the Michigan Department of Agriculture, shares WineMichigan's objective to enhance the state's wine industry. However, the MGWIC is unable to protect the interests of the state's wineries using lobbying practices on regulatory issues within the legislation.

Collaboration was crucial to the swift establishment of WineMichigan. In an attempt to best serve the entire state, it was determined that each wine trail should select a representative to serve as director in the organization. Wineries not connected to a wine trail were invited to appoint two directors at large to represent those located outside of the trails. The directors then elected a president. Coe was elected the first president of the organization. Beck was the first vice president and is now (2009) president. Gerten, Braganini and Jacobson all served as first directors. Representatives from several wineries across the state were involved, particularly those who were informed on the direct shipping issue.

WineMichigan is funded via membership dues, using a sliding scale based on case production of the wineries. Smaller wineries unable to pay the dues were exempt from payment in the first year. WineMichigan has given Michigan vintners a political platform for addressing unfavorable legislation that impacts Michigan wineries, most of which are small agricultural businesses fighting to survive.³

On May 16, 2005, the U. S. Supreme Court decided in favor of the Healds, stating that Michigan's direct shipping laws were, indeed, unconstitutional. In addition to the leadership of the Healds and a consumer organization called WineCAM, WineMichigan's voice aided in representing the interests of Michigan's wineries.

On a national level, WineAmerica, established in 1978 and formerly the American Vintners Association, keeps members informed on federal concerns of the organization. Almost 50 percent of Michigan wineries belong to WineAmerica, one of the highest state participation rates. The direct shipping was the single biggest issue for WineAmerica for years leading up to the *Granholm vs. Heald* case in Michigan.

Today (2009), WineMichigan is still in existence to lobby on behalf of the wineries to address political issues affecting the industry. The organization hosts a website at www.winemichigan.org to keep members and consumers informed of the issues.

Endnotes

¹ Robert Elhenicky, Telephone interview, 7 October 2009.

² Mike Beck, Email interview, 6 October 2009.

³ Don Coe, Email interview, 1 October 2009.