
TESTIMONY

TO: CHAIR PAMELA BEIDLE, SENATE FINANCE COMMITTEE

FROM: TOM CROGHAN
OWNER & EXECUTIVE WINEMAKER, THE VINEYARDS AT DODON

SUBJECT: SUPPORT FOR SB0803

DATE: FEBRUARY 17, 2026

Situation. SB0803 proposes to allow Maryland Class 4 wineries to sell bulk wine to Class 3 wineries, expand their ability to produce brandy from Maryland-grown products, and permit sales of alcoholic beverages made by other Maryland craft beverage producers. This memorandum highlights some of the benefits of the proposed legislation for Class 4 wine producers and the State.

Background. Growing tree and vine fruits in Maryland is highly risky. For example, in 2018, Dodon did not produce any red wine because of heavy rainfall in August and September. In 2020, the Mother's Day frost cut our white wine production by 75%. Late frosts in 2021 and 2022 decreased our white wine output by 30% and 50%, respectively. About 15% of the vines in Dodon's west vineyard did not survive these frosts, leading to long-term yield reductions that continue to this day.

As the climate warms and extreme weather events become more frequent, these challenges promise to intensify. To hedge against this risk, Dodon has deliberately planted more grape vines than it needs to maintain a profitable business, but this risk-management strategy also has downsides. Yields of red fruit over the past three vintages have been well above expectations and outstripped our ability to sell the wine in our current sales model.

The legislature is aware of Maryland's current budget and revenue challenges. Many analysts believe that the State can only thrive if it attracts working-age adults. A resilient Maryland wine industry will help achieve this goal.

Analysis. SB0803 addresses these problems in three ways.

- SB0803 would enable us to **sell bulk wine** to the State's Class 3 producers, creating an additional market for surplus product. While we could hire more staff or sell through the wholesale market (strategies we are also pursuing), these options are limited because of workforce shortages, space constraints on the farm, and tariff-induced contraction of the wine wholesale market. Moreover, if we increase our current sales staff now, we would be forced to lay off staff during an inevitable difficult vintage.
- SB0803 will allow us to distill a portion of the excess to **produce brandy**, which differs from the currently permitted pomace brandy because it would not be distilled on the "pomace" (or grape skins). Although the differences in the final product are minimal, the requirement to distill on the

grape skins means that pomace brandy can only be made within days of draining finished wine from a tank, posing a logistical challenge when winery teams are fully engaged with other harvest activities.

There are three benefits to producing brandy. First, distillation reduces the final product volume by about 85%, which means less storage space is needed. Second, brandy is more stable than wine and can be stored for longer periods. Third, it diversifies our product range, opening opportunities for new customers. These qualities give Dodon and our Class 4 winery peers significant resilience against future climate challenges.

Neither of the proposed changes will change the fundamental character of Maryland's Class 4 wineries. Indeed, for Dodon, selling bulk wine or distilling it will yield revenues well below our production costs. However, these strategies will allow us to recoup sunk costs, add new product lines, and result in a more resilient business.

Recommendations. Because SB0803 will enhance the stability and resilience of Maryland's Class 4 wineries, I urge you to support it.