



10.7.15



Beak & Skiff Cidery



Neversink Spirits



The Winery at Marjim Manor



Rooster Fish Brewing

Governor's Message



Throughout the country, state government's role in alcoholic beverage manufacturing historically focused on regulation, restriction and control. In recent years, archaic laws and regulations, originally drafted in the 1930s, merely stifled craft beverage manufacturing and production. With the recent transformation of the industry, as more and more people recognize

the benefits of buying locally grown and produced products, New York set out to chart a new path to grow the craft beverage industry. We reversed antiquated regulations, provided support to our dedicated small business owners, and worked to promote the state's very best agricultural products to boost the industry and create jobs. Today, New York is experiencing a renaissance in craft production throughout New York State that is unparalleled.

In October of 2012, we convened the state's first Wine, Beer and Spirits Summit, following up with another in 2014, to bring together administration officials with retailers, vintners, distillers, brewers, cider makers and farmers to develop better ways to grow, make, market and sell craft beverages. At the summits, and during numerous follow up industry meetings, seminars and events, craft manufacturers detailed specific regulations, policies and laws that placed unnecessary restrictions and burdens on the production, sale and marketing of their products. Outdated restrictions made it difficult and costly for market entry, as well as challenging for small producers to get their products onto store shelves, restaurant menus and ultimately into the hands of customers.

Working collaboratively, New York took action, working to modernize laws, relax regulations, create two new farm-based manufacturing licenses, launch aggressive promotional campaigns, and implement a multitude of reforms to allow for more tasting and sales opportunities.

The result has been remarkable, with the number of New York craft manufacturers, including farm based manufacturers, more than doubling since 2011. Moreover, New York's new business climate has also led to large manufacturers opening and expanding their operations throughout the state. In 2014, FX Matt Brewing, the second oldest family owned brewery in the U.S. and a pioneer in helping grow New York's craft beer industry, announced an expansion at their Utica brewery to increase capacity by over 100,000 barrels annually and adding jobs in the process.

Last December, Anheuser-Busch InBev announced they were moving their U.S. sales and marketing hub from St. Louis and creating a "U.S. commercial strategy office" in New York City. Additionally, just last week, A-B announced a \$62 million investment in its Baldwinsville facility to allow craft beer production and upgrade machinery and equipment, supporting over 400 local jobs in the process. And in June, Angry Orchard, the number-one selling hard cider in the U.S., broke ground on its new cidery, tasting room and hard cider research and development center at its 60-acre apple orchard in the village of Walden in Orange County.

A remaining obstacle facing the industry is trying to do business in the 21st century with a statute originally drafted in 1934. While we have made significant improvements the law, by continuing to partner with the industry, we can make further changes to modernize the statute and make it easier for businesses to operate in the state.

While we are proud of our many accomplishments, there is certainly more work to be done. This year's summit will build and expand upon our past efforts, as we continue to work together to find new ways the State can assist our craft beverage businesses.

I want to thank all of our craft producers for their continued partnership, hard work, the long hours put in each day, and the substantial investments made in communities throughout New York. Now let's get back to work!

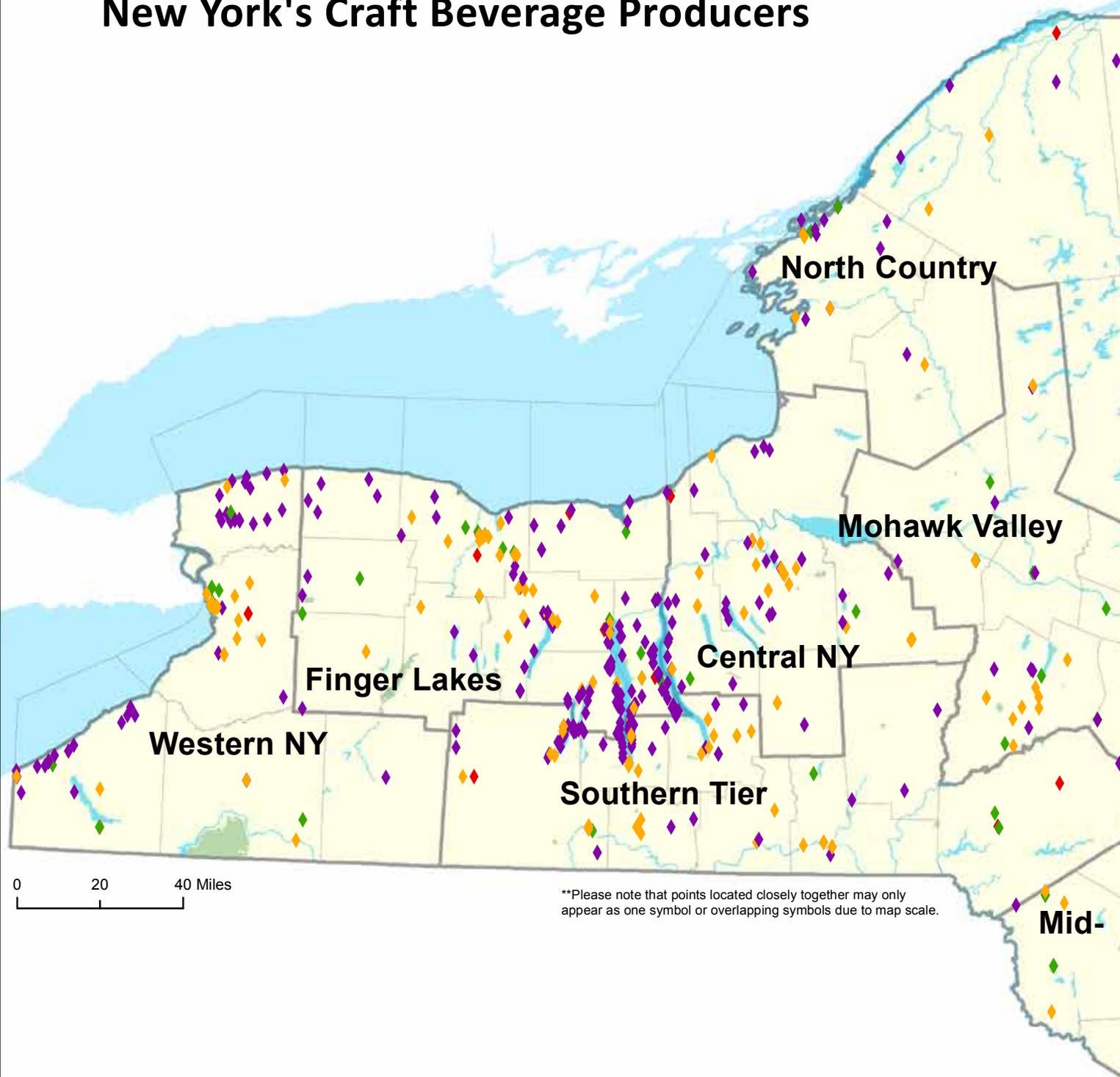
Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Cuomo". The signature is fluid and cursive.

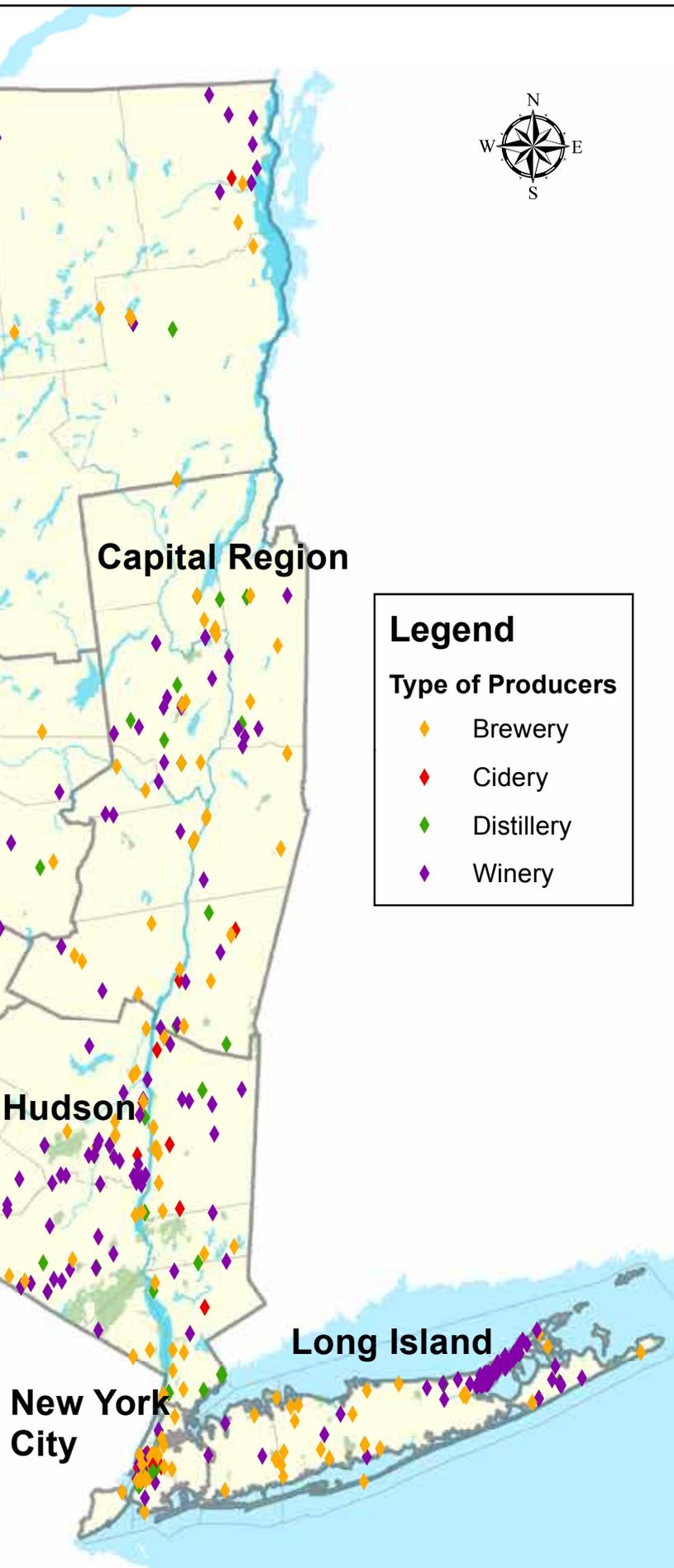


Governor Andrew M. Cuomo

New York's Craft Beverage Producers



**Please note that points located closely together may only appear as one symbol or overlapping symbols due to map scale.



897 NEW YORK

Craft Beverage Manufacturers

License Break Down

460 Wineries

278 Breweries

124 Distilleries

35 Cideries



CIDER WEEK

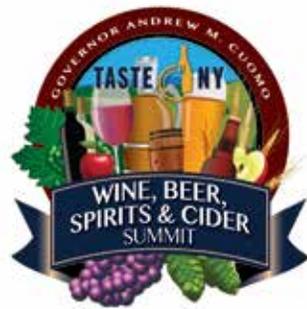
NEW YORK CITY

NOVEMBER 6 - 15, 2015

CIDERWEEKNYC.COM

SAVE AN ORCHARD, DRINK CIDER!





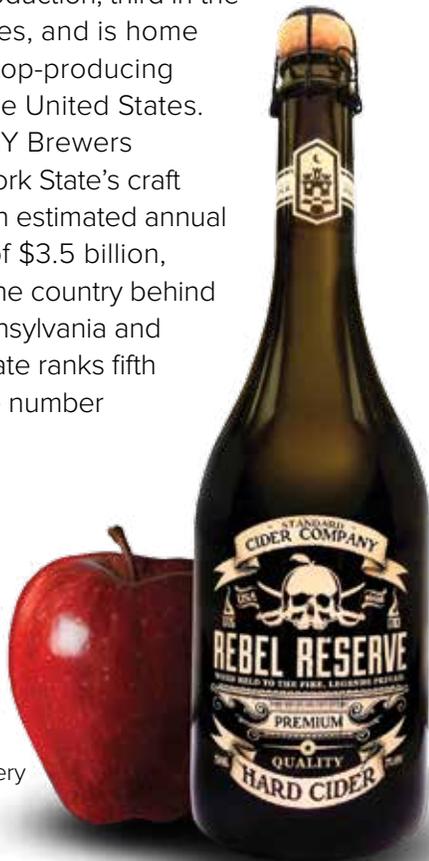
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Industry Impact Overview

No state has done more to assist and promote the craft beverage industry than New York State. Under Governor Cuomo's leadership, New York has held two industry summits, launched aggressive promotional campaigns, and implemented a multitude of regulatory reforms to help craft beverage manufacturers flourish. The Governor also passed landmark pieces of business-friendly legislation, including the creation of two new farm-based manufacturing licenses. Since Governor Cuomo took office in 2011, the number of New York's licensed alcohol manufacturers, including farm-based manufacturers, has more than doubled.

Today, New York State is home to more than 800 wineries, breweries, distilleries and cideries. The State ranks third in the nation in wine and grape production, second in apple production, third in the number of distilleries, and is home to three of the 20 top-producing craft breweries in the United States. According to the NY Brewers Association, New York State's craft beer industry has an estimated annual economic impact of \$3.5 billion, making it fourth in the country behind only California, Pennsylvania and Texas. New York State ranks fifth in the country in the number of craft breweries.



Brotherhood Winery



Dr. Konstantin Frank, Vinifera Wine Cellar

Overview of the Wine, Beer, Spirits and Cider Industry

The number of farm wineries in New York continues to climb and has increased 60 percent from 195 in 2011 to 312 today. The number of micro-breweries has increased by 198 percent, from 40 in 2011 to 127 today. Since its introduction in January 2013, the farm brewery law has generated 93 new licensees.

New York cider production has also seen growth. Today, there are 35 hard cider manufacturers across the State, including 16 farm cideries that have opened their doors as a result of the January 2014 farm cidery law.

Hop production is on the rise as well. New York farmers have added over 250 acres of hops production since 2010 in response to the increased demand from local breweries.

Additionally, New York has seen the number of distilling licensees increase from 29 in 2011 to 124 today. This represents a 327 percent increase.

NEW YORK BY THE NUMBERS...

over
800
beer, wine,
spirit,
and cider
establishments

\$27
billion
economic
impact

93
farm brewery
licenses issued
since it
became
available in
January 2013

3rd
New York's
rank
in national
wine
production

67
new farm
distilling
licenses issued
under the
Cuomo
Administration

8.5%
industry
leading limit
of alcohol
by volume
for hard cider

Expanding Opportunities

Governor Cuomo continues to assist the growing industry through several new initiatives. Most recently, the Governor signed legislation allowing retail stores that sell beer, cider and spirits to conduct tastings without the manufacturer or wholesaler present, thereby eliminating an additional expense. The 2015-16 Executive Budget proposed new tax exemptions to further the rapid growth of the wine, beer, cider and spirits industries. Current law provides an exemption on the "Use Tax" for wine tastings, which applies to products that are produced for sale, but end up being used for promotional and marketing purposes. The 2015-16 New York State Budget expanded this exemption to include tastings provided by the beer, cider and spirits industries, allowing hundreds more craft beverage manufacturers to better market their products and reinvest in their businesses. This year's budget also expanded the "Use Tax" exemption for all craft beverage manufacturers by including an exemption for off-premises tastings.

It is safe to say the market for New York State beverages is thriving! This trend is expected to continue as Governor Cuomo's focus on craft beverage manufacturers and the farmers that support them, drives the industry forward.



Black Dirt Distillery

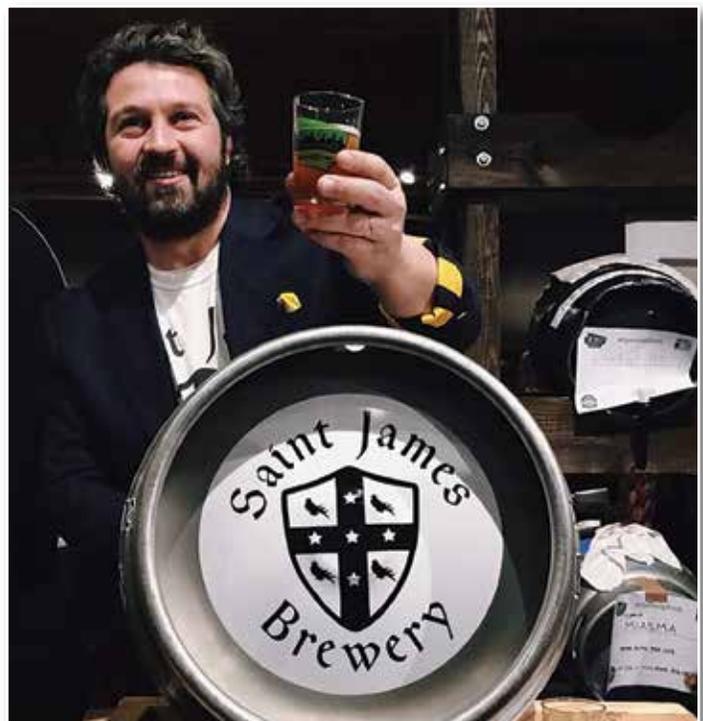


Photo By: Patrick Janelle

New York State Wineries

“The New York wine industry has made a remarkable comeback in the past thirty years in terms of the quality of wines, number of wineries and economic impact. All of those positive indicators have accelerated tremendously during the last four years, making New York State one of the most vibrant and promising wine regions in the world.”

Adam Strum, *Publisher and Editor of Wine Enthusiast*

Industry Overview

The New York wine industry is experiencing an exciting renaissance. New York State is home to the country's oldest winery, going back 175 years, and the proud tradition continues today. There are over 390 wineries in 59 of 62 counties, making New York the third largest wine producing state in the nation. New York State now has nine federally recognized wine regions and each is

wine producing state in the nation. New York State now has nine federally recognized wine regions and each is

unique in geography, wine varieties and styles.

This revival has flourished under Governor Cuomo's leadership. In all, wine licenses issued by the State Liquor



Hosmer Winery



Marquette is a cousin of Frontenac and grandson of Pinot noir. Viticulturally, Marquette is outstanding. Its open, orderly growth habit makes vine canopy management efficient. Finished wines are complex, with attractive ruby color, pronounced tannins and desirable notes of cherry, berry, black pepper, and spice on both nose and palate.

Authority (SLA) have increased by 67 percent since Governor Cuomo took office. There are 117 new licenses for farm winery manufacturers and 36 new licenses for branch offices and satellite locations. The number of commercial wineries has also increased by nearly 60 percent, from 52 in 2011 to 83 today. In 2014, New York State produced over 200 million bottles of wine, which is an 11 percent increase from 180 million bottles in 2013.

Well-known entities and organizations are recognizing the renewal of New York's wine industry worldwide. In 2013, our wineries won over 700 gold medals at competitions across the globe, an annual record in the history of the state.

| License Type | Total Number | Number Added During Governor Cuomo's Administration | Number Added Since First Beverage Summit (October, 2012) | % Change During Governor Cuomo's Administration |
|---------------------------|--------------|---|--|---|
| Farm Winery | 312 | 117 | 66 | 60% |
| Farm Winery Branch Office | 65 | 36 | 21 | 124% |
| Winery | 83 | 31 | 17 | 60% |
| Winery Total | 460 | 184 | 104 | 67% |

NOTE: Manufacturers may hold multiple licenses. SOURCE: State Liquor Authority

Expanding Opportunities for Growth

The wine industry in New York State is stronger than ever. *Wine Enthusiast Magazine* named New York State the “Wine Region of the Year” in 2014 and the Finger Lakes wine region was ranked one of the 10 best wine destinations in 2015. At the 2013 Presidential Inauguration luncheon, Finger Lakes Dry Riesling and Long Island Merlot were the only wines served.

Under the Governor’s leadership, policy changes have led to the industry’s growth. Not only have regulations been streamlined and simplified, New York has also leveraged its opportunities to highlight the growing sector and its importance to New York’s agri-tourism economy. Wine related tourism draws 5.29 million visitors to New York State wineries each year.

Governor Cuomo has also implemented statutory changes to expand marketing opportunities for New York State’s farm wineries to succeed. The new laws allow farm wineries to conduct product tastings at more venues, hold outdoor events, operate custom crush facilities and open up to five branch stores anywhere in the State. The newest law increases the production cap for farm wineries from 150,000 to 250,000 gallons.

The Governor’s Taste NY initiative continues to promote the wine and grape industry to consumers and bring the State’s craft beverages to new markets. Taste NY helped 25 New York wineries showcase the very best of their products and at the Boston Wine Expo, one of the largest wine-related events in the Northeast.



DID YOU KNOW?

New York State’s wine production began in the 17th century with Dutch and Huguenot plantings in the Hudson Valley region.



21 Brix Winery

New York State Breweries

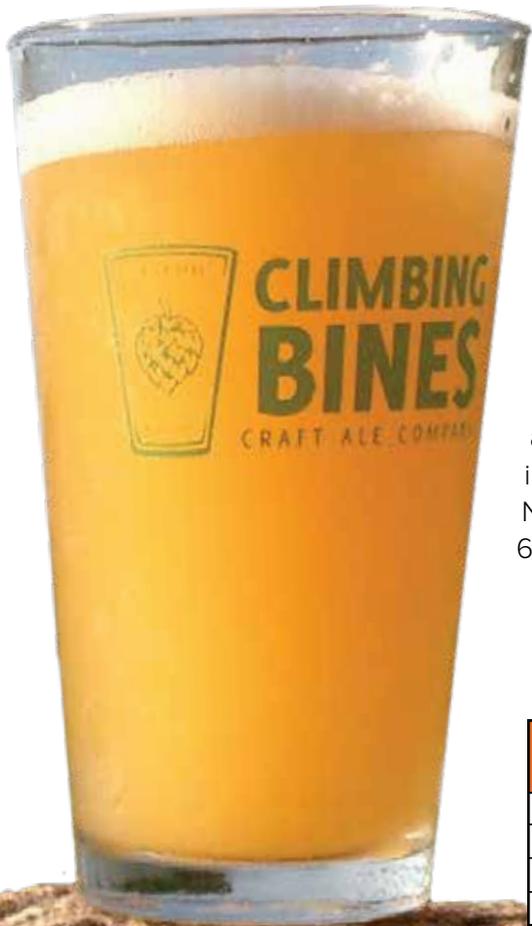
“New York is proving itself a noteworthy home to some awesome breweries.”

Melissa Stanger, *Business Insider*

Industry Overview

Since 2011, the SLA has issued 218 new brewery licenses representing an increase of 436 percent. By lowering the costs of doing business, cutting red tape and promoting products through Taste NY, beer production is seeing monumental success across the State. New York’s beer industry dates back to the early 17th century.

As an important part of the State’s history, it is only natural for New York to reclaim its prominence within the industry. Today, there are breweries in 54 of New York’s 62 counties.



The craft beer industry has an estimated annual economic impact of \$3.5 billion and is responsible for 11,000 jobs. In 2013, over 800,000 barrels were produced, a 54 percent increase from 2011. New York State’s craft breweries are quickly becoming top tourism destinations. In 2013, New York craft brewers saw an estimated 3.66 million visitors, generating \$450 million in revenue.

Expanding Opportunities for Growth

Capitalizing on the national popularity of craft beers, in 2012, Governor Cuomo passed legislation that created the farm brewery license, reduced licensing fees and provided other incentives to the industry. The response has been tremendous as 93 farm brewery licenses have been issued in just 32 months. Six farm breweries have opened off-site branch locations where they can sell their products and other New York State labeled beer, wine and liquor, and have tasting rooms and retail shops. The

DID YOU KNOW?

A brewer named Matthew Vassar founded Vassar College in Poughkeepsie in 1861.



| License Type | Total Number | Number Added During Governor Cuomo's Administration | Number Added Since First Beverage Summit (October, 2012) | % Change During Governor Cuomo's Administration |
|----------------------------|--------------|---|--|---|
| Farm Brewery | 93 | 93 | 93 | Effective January 2013 |
| Farm Brewery Branch Office | 8 | 8 | 8 | Effective January 2013 |
| Micro Brewery | 127 | 87 | 54 | 218% |
| Restaurant Brewery | 40 | 30 | 22 | 300% |
| Brewery Total* | 268 | 218 | 177 | 436% |

*Does not include ten brewer (D 101) licenses. NOTE: Manufacturers may hold multiple licenses. SOURCE: State Liquor Authority

Governor's Craft Act raised the annual production cap for farm breweries and micro-breweries from 60,000 to 75,000 barrels. The Craft Act also allows manufacturers to conduct tastings and serve "by the bottle" and "by the glass."

Last year, Taste NY partnered with the New York State Brewers Association to sponsor the Craft New York Rare Beer Fest. The event, held at the Brooklyn Brewery, brought together 26 breweries from across the State and featured over 50 rare, unique and award winning beers paired with a variety of locally sourced foods.

Prominent organizations are recognizing the great taste of New York beer. For the last three seasons, HBO has partnered with Brewery Ommegang on producing a series of beers in support of the critically-acclaimed drama Game of Thrones. Launching in tandem with the season three debut, Iron Throne Blonde Ale was the inaugural beer in the series. Take The Black Stout, Fire and Blood, Valar Morghulis and Three-Eyed Raven have also been released.



Chatham Brewery



Ommegang, Game of Thrones®

New York State Distilleries

“In the past decade, the Big Apple’s craft-spirits scene has exploded, thanks to eased regulations and a growing thirst for small-batch booze.”

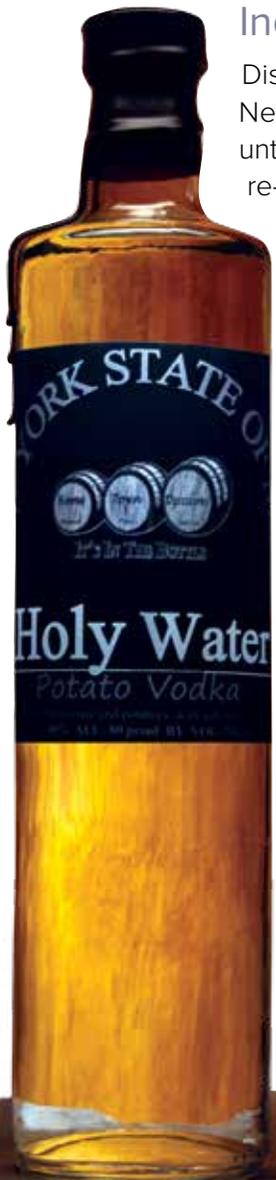
Hailey Eber, *Food Editor at The New York Post*

Industry Overview

Distilleries were big business in New York State and New York City until the Prohibition era hit. The industry re-awakened in 2003, and it has been

growing ever since. The biggest boost to the industry came with the creation of the Farm Distillery License, but support for the industry did not stop there. Over the past three years, changes implemented by Governor Cuomo to the brand label laws have saved New York distillers over \$424,000 in fees. These savings have been reinvested back into small manufacturing businesses and are encouraging new entrepreneurs to enter the market. In the last year alone, the number of farm

distilleries has increased by 25 percent from 62 to 77. Since 2011, the number of micro-distillers, micro-rectifiers and fruit brandy manufacturers has risen by over 200 percent, from 14 in 2011 to 43 today.



Hometown Brew Distillery



Delaware Phoenix Distillery

| License Type | Total Number | Number Added During Governor Cuomo's Administration | Number Added Since First Beverage Summit (October, 2012) | % Change During Governor Cuomo's Administration |
|--------------------------|--------------|---|--|---|
| Farm Distillery | 77 | 67 | 51 | 670% |
| Class A and B Distillery | 43 | 29 | 18 | 207% |
| Distillery Total* | 120 | 96 | 69 | 400% |

*Does not include four Class C distillery licenses. NOTE: Manufacturers may hold multiple licenses. SOURCE: State Liquor Authority



Black Button Distilling

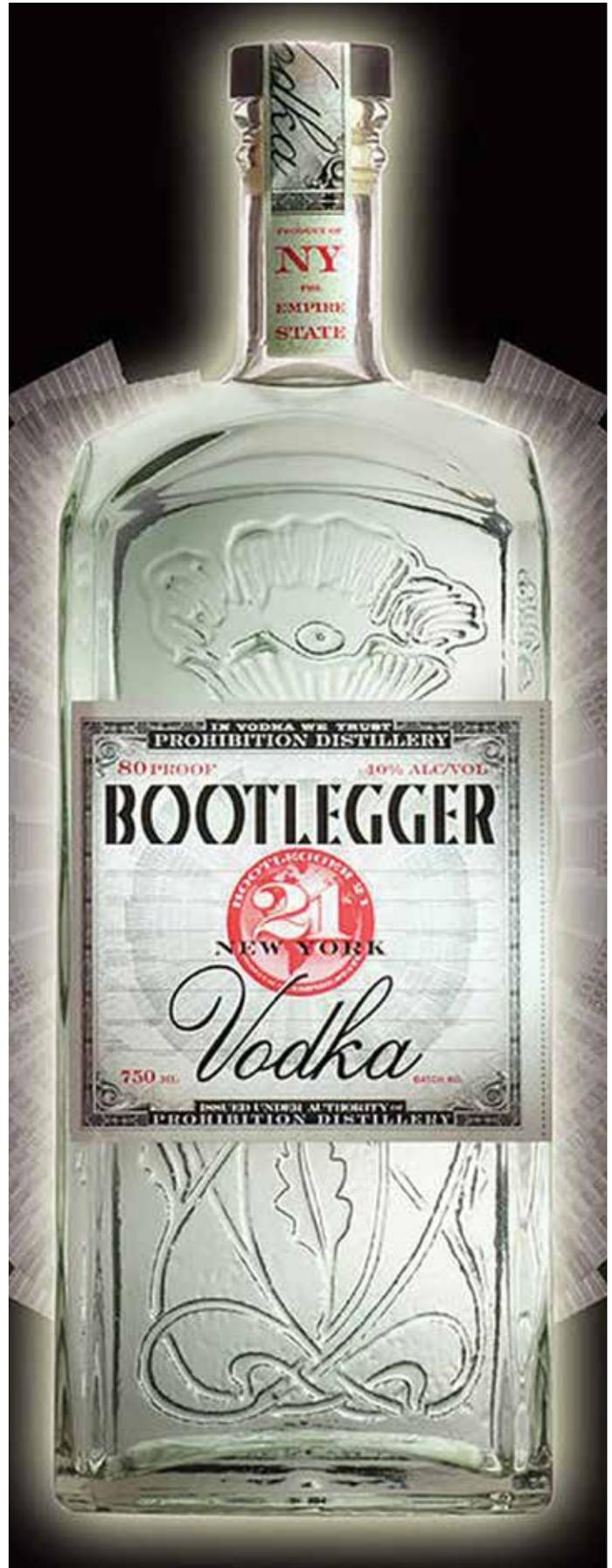
Expanding Opportunities for Growth

Legislation signed in 2013 allowed distillers to produce and sell small batches of alcohol without paying labeling fees. In November 2014, the Governor also signed legislation that allowed farm distilleries to open an off-site branch office; the same legislation increased the production cap for farm distilleries from 35,000 to 75,000 gallons annually. In August, Governor Cuomo signed legislation allowing farm distillers to sell gift items, such as locally produced food and souvenirs. The number of distilleries rose in part due to an end on the ban of multiple liquor licenses at the same location; and now, 23 distilleries have obtained multiple liquor licenses at their manufacturing facilities.

With the increase in manufacturers, New York has made it a priority to help promote them. This past May, Edible Brooklyn's partnership with Taste NY and the New York State Distillers Guild brought together 17 of the best local New York State distillers for a night of tastings, mixology and fun at Brooklyn Uncorked. Guests also had the opportunity to buy products they tasted throughout the evening; over \$2,000 worth of New York spirits were sold at the event.

DID YOU KNOW?

The first commercial distillery in North America was established in 1640 on Staten Island and owned by William Kieft, third Director-General of the colony.



Prohibition Distillery

New York State Cideries

“The Hudson Valley has such a vibrant group of apple growers and craft cider makers.”

David Sipes, *Angry Orchard Cider Maker*

Industry Overview

While Benjamin Franklin was reputed to believe that “beer is proof that God loves us and wants us to be happy,” his contemporary, John Adams, drank a tankard of hard cider every morning to ease his stomach, and William Henry Harrison ran as the “hard cider candidate” in the presidential election of 1840. Hard cider’s popularity declined in the 1900s, but is making a comeback and New York State is leading the way. From 2008 to 2013, the volume of hard cider sold in the United States grew more than fourfold.



Aaron Burr Cider

DID YOU KNOW?

Hard cider was a staple of the early American diet, served at the colonial table morning, noon and night.

| License Type | Total Number | Number Added During Governor Cuomo's Administration | Number Added Since First Beverage Summit (October, 2012) | % Change During Governor Cuomo's Administration |
|--------------------|--------------|---|--|---|
| Cider | 19 | 14 | 4 | 280% |
| Farm Cider | 16 | 16 | 16 | Effective January 2014 |
| Cider Total | 35 | 30 | 20 | 600% |

NOTE: Manufacturers may hold multiple licenses, 405 farm breweries have ability to produce cider as well. SOURCE: State Liquor Authority

New York Varieties

Expanding Opportunities for Growth

Since the passage of the Farm Cider Law in January 2014, New York has added 16 farm cideries. New York has 35 businesses licensed to manufacture hard cider, as well as 405 farm wineries and breweries that are permitted to manufacture cider.

Top companies are recognizing all the State has done to help the cider industry. New York State is now proud to welcome Angry Orchard, the number-one selling hard cider producer in the country. This past June, Angry Orchard Cider Company officially broke ground on its new cidery, tasting room and hard cider research-and-development center at its 60-acre apple orchard in Orange County.

The New York Cider Association (NYCA), incorporated in early 2015, officially received its non-profit tax-exempt status in July 2015. NYCA was formed by a working group of 12 New York hard cider manufacturers, with support and facilitation from Glynwood, an agricultural non-profit in the Hudson Valley.

In late 2015 and early 2016, NYCA will officially recruit members. There are over 60 New York cider manufacturers eligible for membership. NYCA will also create membership categories for growers, trade professionals, suppliers to the industry, enthusiasts and others who support hard cider manufacturing in New York.

In March, NYCA, Taste NY, Edible Manhattan and Angry Orchard partnered to host the first annual Good Cider event. Thirty New York cideries participated to celebrate and showcase New York cider manufacturers. More than 500 consumers and over 100 trade and media came out to enjoy New York's expanding hard cider industry and as a result, \$9,000 of New York cider was purchased.



Bad Seed Cidery



Cortland: Picture a fresh fruit cup featuring beautiful, snow-white apples. It's likely made with Cortland. This great, all-purpose apple was developed at the New York State Agricultural Experiment Station in Geneva in 1898. Its flavor is sweet compared to McIntosh, and it has a flush of crimson against a pale yellow background sprinkled with short, dark red stripes and gray-green dots.



Golden Russet: Golden Russet is an antique apple from New York, considered the best-flavored of American russets. The fruits of this cultivar are yellow gold with an occasional orange flush and lot of russeting. Its flesh is fine texture, juicy and crisp, on the sweeter side.



Idareds: If you love the old-fashioned goodness of baked apples, Idareds are excellent as they hold their shape perfectly and look beautiful on the table. Developed in Idaho, it's a cross between two old-time New York apples, Jonathan and Wagener, that were first grown in Penn Yan in 1791.

New York Craft Act

On November 13, 2014, Governor Cuomo signed the NY Craft Act. The law went into effect on December 13, 2014. This legislation was a direct result of previous summits held to promote state-produced wine, beer, cider and spirit sales and tourism. The new law continues the State's support of the growing craft beverage industry by cutting requirements placed on manufacturers and rolling back restrictions regarding the marketing of craft products. The new law provides New York manufacturers with greater opportunities to market their products, including allowing manufacturers to serve

“by the bottle” and “by the glass” as well as permitting farm distilleries to increase the retail outlets where they can sell and offer samples of their products. In addition, this bill reduces costs for small manufacturers by permitting them to produce more of their product at the same licensing fees. The food requirement to obtain a license to sell other alcoholic beverages has also been lowered. Now all beer, wine, spirits and cider manufacturers may conduct tastings and sell alcoholic beverages they manufacture without a separate license. This legislation could not have come about without the help of Carey Gabay.

In Memoriam



Carey Gabay

One of the key people involved in the passage of the Craft Act was Carey Gabay. As Chamber Counsel for the SLA, Gabay worked closely on Alcohol Beverage Control issues from last year's summit, which led to the Craft Act. On September 15, 2015, Carey Gabay passed away from a fatal gunshot wound. Gabay was a member of the Governor's administration for four years, first as Assistant Counsel to the Governor and most recently as First Deputy General Counsel at Empire State Development. Carey was the epitome of an outstanding public servant. He held a tremendous commitment to his community, and he chose to use his many talents to better the lives of others. New York is undeniably a better place today because of his service. He was also a friend and role model to the many people who were blessed to have known him, and he will be greatly missed.

To honor his life and work, Governor Cuomo created the “Carey Gabay Fellowship” and the “Carey Gabay Scholarship.” The Fellowship and Scholarship programs bearing his name will serve as a constant reminder of Carey's professional accomplishments and exceptional character, and will ensure his legacy is honored for years to come.

**Visit over 30 wineries
that are easy to reach and hard to leave.**

Seneca Wine Trail, Seneca Lake, NY.
Dozens of award-winning wineries.

Discover your favorite part of New York
at iloveny.com



Example of state tourism marketing support
for I Love NY Fall 2014 Promotion Campaign
as seen on New York City Transit

New York State Agriculture

“I am confident New York’s farm-based beverages will meet with continued success moving forward. I would like to thank Governor Cuomo on behalf of New York Farm Bureau. We appreciate the spotlight he has once again placed upon agriculture and its role in growing our rural economies upstate and on Long Island.”

Dean Norton, *New York Farm Bureau President*

Hops, Malting Barley, Grapes and Apples

Industry Overview

New York State’s craft beverage businesses have become an even greater part of its agriculture industry. Craft beverages are literally rooted in New York’s soil because our farmers supply the hops, grains, grapes and apples that go into every bottle. Unlike other industries that can relocate their factories or offices, our farmers make long-term commitments to their land and the products they produce. The growth of the craft beverage industry increases the demand for locally grown products, which in turn encourages farmers to make new capital and labor investments, keeping our agriculture industry robust.



Hops

New York farmers produced 90 percent of the hops grown in the United States during the late 1800s. However, prohibition and disease eroded that dominance and limited the State to just 15 acres by 2010. Governor Cuomo recognized the potential for hops to re-emerge as a value-added crop, which led to the implementation of several key initiatives to revitalize hops production. In June 2012, the Governor signed legislation creating the farm brewery license, which requires licensees to use New York sourced hops in each batch of beer produced. As expected, the farm brewery license has reinvigorated the demand for hops, resulting in almost 300 acres in production. Cornell Cooperative Extension estimates that the demand for New York State hops will exceed 500 acres by the end of 2015. To ensure New York is able to meet this rising demand, Governor Cuomo allocated \$40,000 in 2014 for the New York State Agriculture Experiment Station in Geneva to establish a research hop variety trail. This research plot will help to increase the resiliency of New York hops and evaluate which varieties of hops are best suited for New York’s craft brewing industry.

DID YOU KNOW?

Malted grains have likely been used as an ingredient of beer since ancient times, for example in Egypt, Sumeria and China.



Malting Barley

The production of malt grade barley has also benefited from the growth in New York State's beer and spirits industry. There is great excitement about the potential for malting barley right now, and acreage used for barley production across the State has quadrupled, from 500 to 2,000 acres since 2012. Traditionally, barley is grown as a feed crop in New York, but there is now a great need for grain varieties that will thrive and produce a quality crop for malt houses, brewers and distillers.

Over the past two years, Governor Cuomo has allocated over \$350,000 to fund research for malting barley production in New York State. Specialists from Cornell will experiment with malting barley on variety testing, integrated disease management, certified seed production and weed management. Since most available varieties have been bred in western parts of North America and Europe, this research will help to determine what winter and spring varieties work best in the State for farm-based beverage manufacturing.



DID YOU KNOW?

Wood poles in northeast hop yards need to be 22ft. long with 4ft. in the ground for strength, stability and to prevent frost heaving.

In 2014, Hartwick College was awarded \$60,000 for the creation of New York's first Center for Craft Food and Beverage (CCFB). The mission of the CCFB is to support growth and innovation in the regional craft food and beverage industry through research, technical solutions and knowledge transfer. This is achieved by providing laboratory testing services for product quality and improvement, as well as technical assistance and business planning services.



New York State MALTING HOUSES

Farmhouse Malt
Newark Valley, NY

Flower City Malt Lab
Rochester, NY

NY Craft Malt
Batavia, NY

Niagara Malt
Cambria, NY

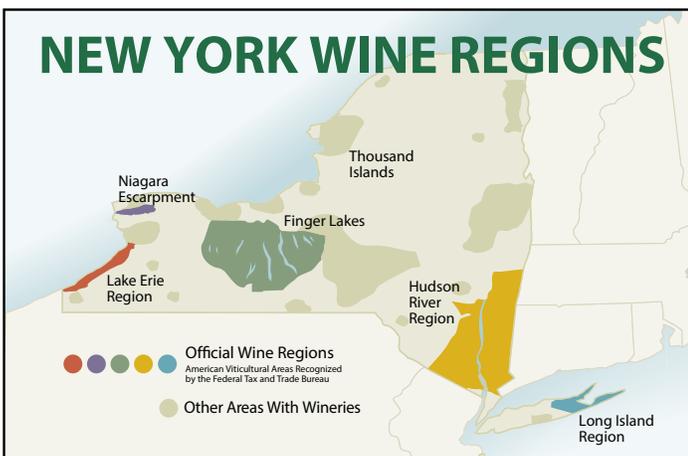
Pioneer Malting Inc.
Rochester, NY

East Coast Malt
Dryden, NY

Queen City Malting
Buffalo, NY

Empire Malt
Albany, NY

Subversive Malting
Columbia County, NY



NEW YORK WINES BY THE NUMBERS



3

Rank of New York State in wine production nation-wide



460

Number of New York wineries



213

Number of New York wineries created in the past 10 years



37,000

Acres under vine



180 million

Bottles produced annually



5

Recognized American Viticulture Areas in New York



\$4.8 billion

Annual economic benefits of the New York wine industry to the state's economy



5.29 million

Tourist visits annually

Grapes

Ranked behind California and Washington, New York is the nation's third largest wine grape producing state with a 2014 grape production of 188,000 tons over 37,000 acres. New York now has nine federally recognized American Viticultural Areas: Lake Erie; Niagara Escarpment; Finger Lakes; Seneca Lake; Cayuga Lake; Hudson River Region; Long Island; The Hamptons, Long Island; and North Fork of Long Island. Each region has a unique combination of soil, topography and climate that create the ideal conditions for growing world-class grapes. Additionally, New York's wine regions benefit from proximity to large bodies of water that mitigate the region's typically harsh winters by creating ideal "meso-climates" for growing premium grapes.

New York's wine industry has benefited from decades of scientific experimentation by Cornell University and the New York State Agriculture Experiment Station. Their experiments have yielded a broader mix of wine grape varieties suitable for the climate found in New York State. Of particular note, their research has made it possible to identify grape varieties that can survive as low as -40°C. As one of 12 participating states in the Northern Grapes Project, our grape growers have assisted in the emergence of new cold hardy wine grape cultivars known as *Vitis riparia*. Today, our wineries are producing award winning wines with cold hardy grape varieties like Marquette, Frontenac, Frontenac gris and La Crescent.



La Crescent's intense nose of apricot, peach and citrus lends itself to superior quality off-dry or sweet white wines. Produced in a Germanic style, La Crescent wine is reminiscent of Vignoles or Riesling. The grape's high acidity provides good structure for excellent dessert or late-harvest style wines.



DID YOU KNOW?

*Eighty-three percent of New York's grape area is *Vitis labrusca* varieties (mostly Concord). The rest is split almost equally between *Vitis vinifera* and French hybrids.*

Cider Apples

New York is the nation's second largest producer of apples and is home to over 40,000 acres of apple orchards. Last year, New York produced an estimated 1.26 billion pounds of apples. New York State abounds in the number of apple varieties grown commercially. For example, Black Diamond Farm in Trumansburg grows 137 different varieties. Dozens of other commercial retail orchards in New York have also planted new and heirloom varieties during the past 25 years. We have the most diverse apple industry in the United States, and that diversity provides the basis for ciders that are distinct and distinguished in the developing U.S. hard cider industry.

New York's cool humid growing season provides an ideal environment for cider apples. Our soils and climate produce fruit with intense aromatics and acidity, and many traditional European cider apples grow better in our region than in the hot dry climate of central Washington. In fact, many of the best traditional cider apples originated in New York State—Golden Russet, Newtown Pippin, Northern Spy and Esopus Spitzenburg. These apples are examples of New York varieties from the 1800s that are prized today for making high-quality hard ciders.

Last week, Beak & Skiff Apple Orchards was awarded the #1 spot in a national poll put on by #10Best and USA Today! Founded in 1911 by Andrew Beak & George Skiff, Beak & Skiff Apple Orchards has grown to become one of Upstate New York's premiere apple orchards and pick your own destinations. Beak & Skiff is also a favorite in the retail market for both their apples and fresh cider. With a commitment to quality and innovation, the business has continued to reinvent itself over the years.



DID YOU KNOW?

An apple beverage a day? President John Adams drank a tankard of cider every morning because he believed it promoted good health.

New York Varieties



Northern Spy: An old time favorite variety for northern climates that has been grown throughout New England for over 100 years. Green and flushed with red stripes where not shaded, the Northern Spy produces fairly late in the season. The white flesh is juicy, crisp and mildly sweet with a rich, aromatic subacid flavor, noted for high Vitamin C content.



McIntosh: Nothing evokes fall better than the aromatic fragrance of McIntosh apples. This variety has been enjoyed since 1811 when John McIntosh discovered the first seedling. McIntosh apples grow particularly well in New York's cool climate. The McIntosh apple is a small- to medium-sized round fruit with a short stem. It has a red and green skin that is thick, tender and easy to peel. Its white flesh is very juicy and sweet with a tart tang.



Newtown Pippin: In use since the 18th century, Newtown Pippin is a versatile American apple with a good aromatic flavor. The Newtown Pippin is typically light green, sometimes with a yellow tinge. It is often russeted around the stem. The flesh is yellow and crisp with a complex and somewhat tart flavor.

Celebrating Success & Support



Governor Cuomo's focus on the craft beverage industry through industry-wide summits, regulatory reforms and promotional efforts has stimulated an improved business climate and generated new economic growth. New York is now recognized as the home to many world-class wineries, breweries, distilleries and ciders. The number of New York's farm-based beverage licenses for distilleries, wineries, breweries and cideries has risen 143 percent since 2011. This growth is expected to continue as New Yorkers consume more local craft beverages, which in turn leads to beverage manufacturers buying more from New York growers and producers, resulting in more jobs and a stronger economy where everyone wins.



I LOVE NEW YORK Bus

Governor Andrew M. Cuomo announced the launch of the I LOVE NEW YORK Bus, a new year-round tourism initiative that offers transportation from New York City to destinations across the state. The service is a result of feedback received during the Governor's second Tourism Summit to increase transportation access to tourism opportunities in New York. The bus connects riders to some of the state's most popular getaway experiences, including wine, beer and cider trails, seasonal festivals and skiing in Upstate New York.

To learn more go to: iloveny.com/bus

Governor's Cup Winners



Current Winner 2015

Ventosa Vineyards 2012 Lemberger

Previous Winners

2014

Chateau LaFayette Reneau 2013
Semi-Dry Riesling

2013

Keuka Spring 2012 Riesling

2012

Dr. Konstantin Frank Vinifera Wine
Cellars 2011 Semi-Dry Riesling

2011

Martha Clara Vineyards 2010 Riesling

Success

Governor's Cup and Taste NY Culinary Tour

As part of the Taste NY initiative, Governor Cuomo hosted the first-ever Taste NY Culinary Tour in the Finger Lakes in August 2015. The tour brought together dozens of the region's chefs and restaurateurs for an up-close look at the quality and diversity of New York agriculture. The tour also included the region's leading wine industry professionals and tourism officials to promote New York's award-winning wines.

The Culinary Tour concluded with a Taste NY reception and the Governor's Cup Competition awards ceremony. Lieutenant Governor Kathy Hochul presented the 2015 Governor's Cup to Ventosa Vineyards from Geneva for their 2012 Lemberger, Estate Grown. The Cup is a large silver chalice recognizing the Best of Show or top prize

from 910 entries in the annual New York Wine & Food Classic competition. The competition is organized by the New York Wine & Grape Foundation. This year, Paumanok Vineyards from Long Island's North Fork won the Winery of the Year award.

New York Named Wine Region of the Year

In 2014, New York State was named "Wine Region of the Year" by the prestigious *Wine Enthusiast Magazine*. The publication cited the quality of wines, tremendous growth of the industry and greatly improved business climate, particularly over the last four years with Governor Cuomo's support. The award was presented at the Wine Star Awards gala dinner on January 26, 2015 at the New York Public Library.



Governor Mario M. Cuomo and Jim Trezise

Jim Trezise and Governor Andrew M. Cuomo

Celebrating 30 Years

New York Wine and Grape Foundation

The New York Wine & Grape Foundation is a 30-year success. New York State was named “Wine Region of the Year” by *Wine Enthusiast Magazine*—ahead of Champagne, France; Chianti, Italy; Sonoma, California; and Red Mountain, Washington.

The Foundation was born out of a crisis in New York’s grape and wine industry in the early 1980s. A unanimous vote in the legislature and strong support from Governor Mario M. Cuomo to create the Foundation turned a dying industry into the fastest growing part of the vital agricultural and tourism sectors of the State economy.

The research program has focused on quality, productivity and social responsibility, with Cornell University and Cooperative Extension being the best possible partners to carry it out, they work to communicate the results to the growers and wineries who need it. Major California wineries even send their money to the Foundation, which is matched, and allows Cornell to do the research.

“Bring the people to the wine, and take the wine to the people” has been the promotion strategy. Tourism is the lifeblood of the New York wine industry, but as the industry has grown so has the importance of urban markets like New York City. In addition, all the Gold medals New York wines have had a major role in establishing the State’s reputation as one of the world’s premier wine regions.

Perhaps the most valuable role the Foundation has played is fostering communication and cooperation within the industry, as originally envisioned by the legislation. For the past 30 years, the message has been: “Diversity is our strength. Unity is our power.” And it has worked.

PLEASE DRINK RESPONSIBLY



Next time, drink New York.

New York State is the second largest wine-producing state in the country, receiving a record number of top medals and rave reviews. In fact, New York wines have won 106 Double Gold, 565 Gold and 118 Best in Class awards in international competitions in the last year alone.

With distinctive varietals and award-winning wineries, there's so much to love about New York wine.

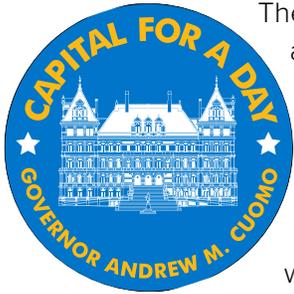
So next time you're at a restaurant or liquor store, ask for New York wines.

taste.ny.gov



Support

Capital for a Day



The Governor hosted sessions at his Rochester, Syracuse and Utica “Capital for a Day” events focusing specifically on the beer, wine, spirits and cider industry. At these sessions, industry members discussed ways the State can be a partner in enhancing economic opportunity and strengthening the farm beverage sector. As a result of Governor Cuomo’s Capital for a Day in Rochester, a new partnership between Taste NY and the New York Wine & Culinary Center (NYWCC) was unveiled. As part of the partnership, the NYWCC will incorporate the Taste NY experience into its culinary and beverage educational classes.



New York Craft Brewer Workgroup

Last July, Governor Cuomo formed the first-ever working group focused on the craft beer industry. The workgroup aims to improve communication between the various business segments within the industry and government agencies, and identifies additional actions necessary to grow the craft beer sector. The workgroup consists of representatives from the craft beverage industry, higher education and research institutions, the agricultural sector, and state government. Members work together to identify emerging needs, including research on new varieties of hops and barley, production methods and consumer trends, as well as make sure that the state has the infrastructure in place for this growing industry.

“Opening Druthers Brewing Company in Saratoga Springs was my first experience obtaining a liquor license and the process could not have gone better. The folks at the SLA were efficient, responsive and easy to work with. As a result, we received our liquor license in plenty of time to hit our projected opening date.”

Chris Martell, owner, Druthers Brewing Company

State Liquor Authority Efficiency

Under Governor Cuomo’s leadership, the SLA has made processing license applications in a timely manner a priority. The backlog of pending applications that plagued the agency and burdened businesses for years has been eliminated, with licensing applications now being approved in 48 days on average, down from over 100 days at the close of 2010. The Governor has set aggressive targets to further decrease license application time frames. Quicker review times translate to businesses opening faster, thus leading to more jobs, economic development and investment in our communities.

The SLA’s revamped approach has drastically improved the business climate for New York’s beverage industry. The SLA will continue to pursue organizational improvements by utilizing performance measures, technological innovations, business process improvements, the reassigning of functions and tracking individual employee performance. These improvements are aimed at cutting red tape, streamlining processes and promoting common sense practices that save time and allow new businesses to open quickly without sacrificing oversight.

Taste NY



Taste NY Store, Grand Central Terminal

The Taste NY initiative was created as a result of the first summit and is one of the most successful marketing initiatives in the history of the State. It is key to Governor Cuomo's tourism campaign and focuses on expanding New

York's food and beverage industry by making the wide variety of agriculture products made in the State readily available and recognizable nationwide. Taste NY is marketed through a range of activities including Taste NY stores in transportation hubs and along our highways, Taste NY exhibits at events, vending machines, roadside signage and a dedicated website, www.taste.ny.gov. Since its launch, Taste NY has helped to raise the profile of homegrown businesses and spread the word that New York's beer, wine, cider and spirits are truly among the best in the world.

Taste NY retail stores and stands have already opened at four major airports throughout the State (JFK, LaGuardia, MacArthur and Buffalo-Niagara) as well as along the New York State Thruway at Interstate 81, the Taconic State Parkway, Grand Central Terminal, and the Jacob Javits Center. These sites produced more than \$1 million in gross sales in 2014.



Since the 2012 summit, Taste NY has sponsored and participated in major industry events such as the 2014 Super Bowl festivities, Baseball Hall of Fame dedication ceremony, the PGA Championship of America, the Food Network Wine and Food Festival, Oktoberfest, and the International Restaurant and Food Service Show in New York City. Each event featured Taste NY tents and tables that highlighted and marketed New York State craft

beverage manufacturers. In total, Taste NY events in 2014 were responsible for \$475,000 in gross sales of local products.

The Department of Agriculture and Markets and the Department of Transportation, along with the Thruway Authority, identified strategic places for Taste NY signage along major roadways. So far, more than 400 sites have had their existing signage rebranded. This year more signs are expected to be rebranded to showcase locations where Taste NY products are available.

One Stop Shop

In March 2013, Governor Cuomo announced the launch of the One Stop Shop at Empire State Development. The One Stop Shop is an ombudsman service designed to provide New York's wine, beer, spirits and cider manufacturers with a single point of government contact for assistance regarding regulations, licensing, state incentives, and any other questions or issues facing the industry. To date, the One Stop Shop has fielded direct requests from over 600 business owners and entrepreneurs.

For assistance, visit

www.esd.ny.gov/nysbeveragebiz.html

Schoharie County Beverage Trail

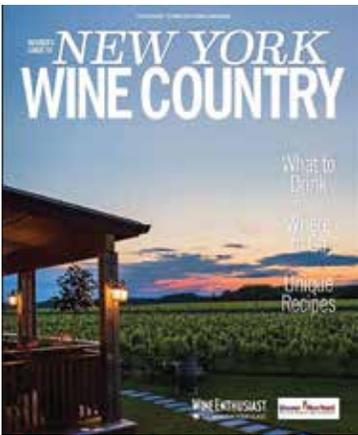


The Department of Agriculture and Markets and the State Liquor Authority officially recognized on June 25, 2014 a new cuisine trail dedicated to producers who are creating distilled, brewed, and fermented beverages from locally grown ingredients in Schoharie County. The new trail will draw tourists to the region to visit the five member beverage trail.

Craft Beverage Promotion Program

At the April 2014, Beer, Wine, Spirits and Cider Summit, Governor Cuomo announced a new \$6 million tourism promotion and marketing commitment. Empire State Development (ESD) has committed \$2 million in direct spending to support the industry's growth through a \$1 million targeted advertising campaign and the \$1 million Craft Beverage Industry Tourism Promotion Grant Program. Additionally, ESD launched the Craft Beverage Marketing and Promotion Grant, a \$2 million marketing grant program that matches \$2 million in industry contributions for the marketing and promotion of New York produced wine, beer, spirits and cider. To date, 21 grants have been awarded, totaling over \$1.8 million in funding.

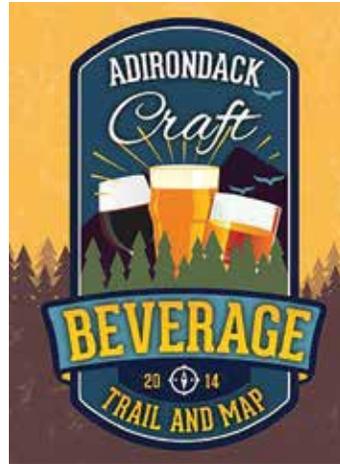
New York Wine and Grape Foundation



To build on New York being recognized as "Wine Region of the Year," the New York Wine and Grape Foundation received a \$250,000 marketing and promotion grant to fund the production of the Insider's Guide to New York Wine Country publication. The

foundation partnered with *Wine Enthusiast Magazine* to create a combination book magazine spotlighting wineries, area hotels, restaurants and other attractions in the area to drive tourists to the wine regions. Guests at the 2015 Governor's Cup award ceremony and reception each received a copy, and nearly 200,000 *Wine Enthusiast* subscribers received the magazine in September.

Adirondack Regional Chamber of Commerce



ESD awarded the Adirondack Regional Chamber of Commerce a \$168,300 tourism promotion grant to expand The Adirondack Craft Beverage Trail. The trail promotes the craft beer, wine, spirits and cider industry in the southern Adirondacks and northern Capital Region by educating

and connecting tourists with the 26 manufacturers in the region. The chamber launched a mobile app, standalone website and a marketing effort through newspaper ads, web ads and other media.

GrowNYC

ESD awarded GrowNYC a \$46,968 marketing grant to host a rotating craft beverage stand starting September 2015 at their two largest Greenmarkets: Union Square and Grand Army Plaza. One brewer and one distiller will be placed at each market every Saturday for 12 weeks, engaging a total of 48 craft beverage manufacturers.



Grow NYC

New York State Brewers Association (NYSBA)

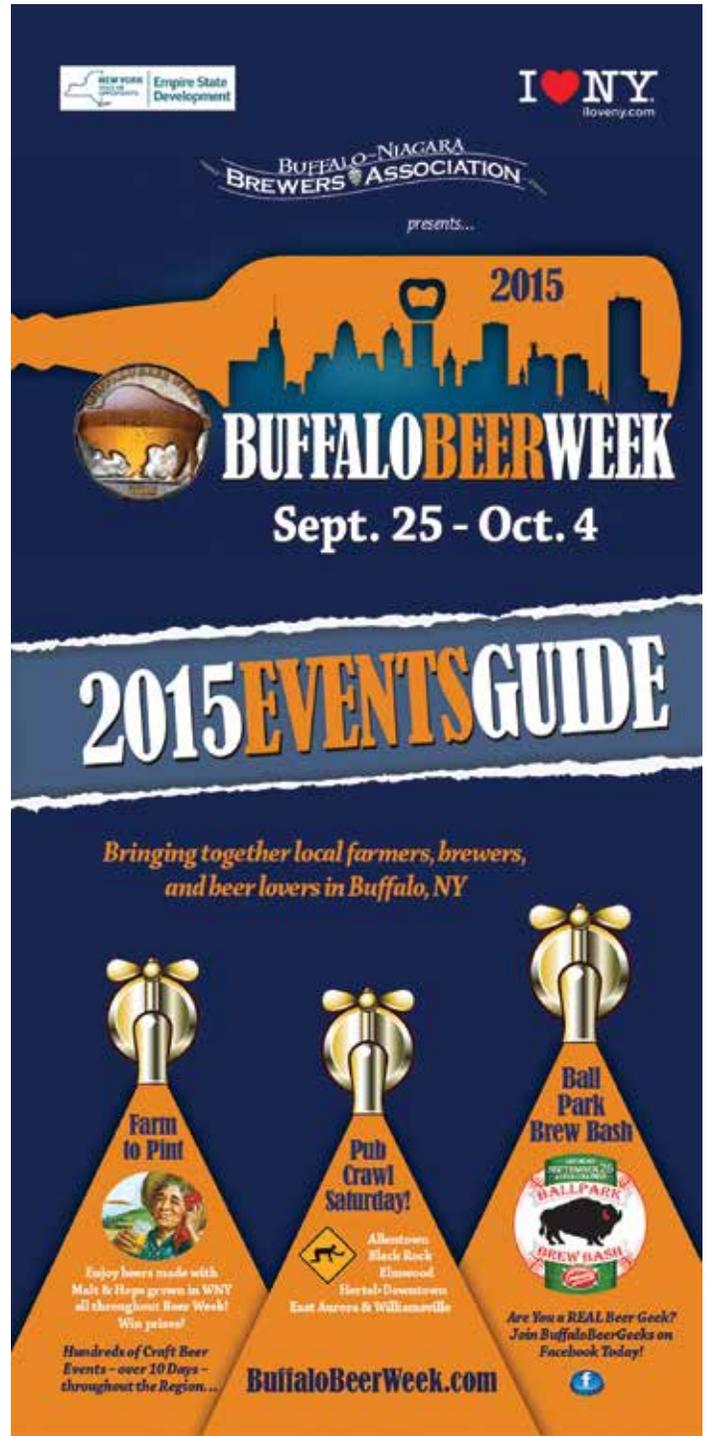
ESD awarded NYSBA a \$49,892 marketing grant for the promotion of the 6th Annual New York City Beer Week. Beer Week took place in various locations throughout New York City from February 20 through March 1, 2015. The weeklong event culminated with “Brewers Choice,” which featured the State SMASH (Single Malt and Single Hop) Beer made by each participating New York State brewery using New York sourced ingredients.



Photo By: Daniel Krieger

Brooklyn Alliance, Inc.

ESD awarded the Brooklyn Alliance, Inc. with a \$250,000 marketing grant to promote and support craft beverage manufacturers in Brooklyn. The Chamber hosted its first annual CheersNY craft beverage trade festival on October 3 and 4, 2015. The project also includes a marketing campaign and visitor guides for the Brooklyn craft beverage industry using ExploreBK.com and BrooklynMade.nyc.



Buffalo-Niagara Brewers Association (BNBA)

ESD awarded a \$40,700 tourism promotion grant to BNBA, to support a tourism marketing and promotion effort for Buffalo Beer Week, which was held September 25 through October 4, 2015. The marketing was specifically targeted to promote the event in Southern Ontario media to attract Canadian beer enthusiasts.



Photo By: is Patrick Janelle, @guynamedpatrick with over 400,000+ Instagram followers, posted this picture during NYC Beer Week and obtained 8,000 likes within 15 minutes.

\$1 Million in Advertising Funds

Each of the four beverage segments received \$250,000 to conduct targeted advertising and marketing campaigns to promote their products. ESD’s statewide marketing team worked with the relevant industry trade associations and representatives to develop individualized strategies to maximize the value of the available advertising funds.

The New York Wine and Grape Foundation utilized the wine industry’s allocation to purchase additional print and TV advertising for the Taste NY ads that had been created the previous year. The ads ran in the key months of October, November and December.

The New York State Brewers Association deployed their funding to collaborate with award-winning comedy group Improv Everywhere on a light-hearted video entitled “Beer! The Musical!” The video took off rapidly on YouTube, with more than 290,000 views in the first two weeks.

To complement the Improv Everywhere video, a team of New York State Ambassadors was formed and made up of online cultural influencers. These influencers were given access to festivals, tastings and interviews. In return, they spread the word about New York State beers to help make people aware that New York



Improv Everywhere: Beer! the Musical!
 they photos using the Brewers Association official slogan: #ThinkNYDrinkNY.

State has a broad selection of high quality craft beers. Notable Instagram photographers, Patrick Janelle, Daniel Krieger, and Dave Krugman joined the Ambassadors. They were tasked with shooting a range of pictures that convey the quality of the beer, and they tagged

Strategies for the spirits and cider industries are in development, and their projects are expected to launch by the end of 2015. Their projects promise to be as exciting and impactful as the work that has been completed on behalf of the wine and beer industry.

New York State Brewers Association

For the very first time, the New York State Brewers Association has collaborated with 10 New York State brewers using New York grown malt and hops to create a fundraising beer called Statewide Pale Ale. 172 kegs were distributed throughout the state and sold out within a few weeks. Brewed by Shmaltz Brewing Company in Clifton Park, the NYSBA was able to raise over \$10,000 in this effort.

Partnerships

Through Governor Cuomo's Regional Economic Development Councils, START-UP NY and other economic development initiatives, New York State's partnership with the craft beverage industry has been a catalyst for growth. The State's support of these projects enables the industry to expand, increase marketing opportunities and improve production. The partnerships detailed in this section are just examples of the wide scope of the State's investments in the future of this thriving industry.



Anheuser-Busch InBev

In 2015, ESD offered Anheuser-Busch InBev, one of the world's leading breweries, \$2 million in performance-based Excelsior Jobs Program Tax Credits to invest and remain in its New York facilities. The company will invest \$62 million in its Baldwinsville facility to allow craft beer production, and upgrade machinery and equipment. This investment will retain 443 jobs and continue to be a driver of economic activity in the State.



New York Wine Industry Association

In 2014, the Finger Lakes Regional Council awarded the New York Wine Industry Association \$300,000 to assist three wineries in the construction of wastewater treatment systems. This green infrastructure will help the vineyards create sustainable branding, add to the beatification of the site and increase the eco-tourism for Fox Run, Three Brothers and Anthony Road Wineries.

Long Island Wine Council

In 2014, through the Market New York Grant Program, the Long Island Wine Council was awarded \$285,000 from ESD to support their Access East End marketing program. The Wine Council will work with regional tourism partners to develop promotional packages and discounted rates for visitors during slower periods. Additionally, the project will implement a promotional campaign through advertising in target markets, cooperative advertising and events with partners, and in printed collateral distributed at partner locations.



Brooklyn Brewery



In 2014, the New York City Regional Economic Development Council awarded Brooklyn Brewery \$6 million for a new production facility. Brooklyn Brewery will construct a state-of-the art, 400,000-barrel brewery with the capacity to expand to one million barrels on Staten Island. The \$70

million project will enable the brewery to maintain a rapid growth trajectory, particularly as an international exporter. As capacity ramps up the company anticipates creating at least 140 new jobs.

Empire Farmstead Brewery

In May 2015, Empire Brewing Company broke ground on its Empire Farmstead Brewery— a new manufacturing and agri-tourism facility in Cazenovia, Madison County. Empire Brewing is the first START-UP NY company located in Central New York to break ground on an expansion project. When completed, the 28,000 square-foot Empire Farmstead will be the largest farm brewery of-its-kind in New York State. As a major agri-tourism component, the farmstead will grow many of the raw ingredients for its beer production. In addition to START-UP NY incentives, ESD also provided the project a \$3.6 million loan through the Job Development Authority to cover real estate costs and acquisition of brewing equipment.



EMPIRE

FARMSTEAD BREWERY

Hudson Valley Brewery

Jalor Properties received \$490,000 from ESD to develop the Hudson Valley Brewery. The funds were used to purchase and restore a turn of the century factory building in Beacon into a mid-size production brewery and taproom in New York’s Hudson River Valley. Hudson Valley Brewery will also feature a Bavarian-style beer hall and beer garden with a simple food menu consisting of fresh ingredients from local farms.

Brew Central Marketing Campaign

In 2014, through the Market New York Grant Program, Oneida County Tourism was awarded \$500,000 from ESD for their Brew Central Marketing Campaign. Brew Central is a comprehensive regional tourism marketing campaign aimed at positioning the Central NY Vacation Region and Mohawk Valley as New York’s premier craft brew destinations to compliment the Taste NY program. Specific target marketing with focused messaging will stimulate day trip and overnight leisure travel from domestic markets across New York, Pennsylvania, New Jersey, Connecticut, Vermont and Massachusetts. International marketing will target Canada, the United Kingdom and Germany, aligning and partnering with I Love NY and BrandUSA programs.



Brew Central Marketing Campaign Ads



Lake Placid Spirits



Crooked Ladder Brewing Company



Embark Craft Ciderworks



Lakewood Vineyards

IN NEW YORK STATE, CRAFT BEVERAGE INGREDIENTS INCLUDE FINANCIAL ASSISTANCE, EDUCATIONAL SUPPORT AND ZERO TAXES.

STARTUPNY



Empire State
Development

The growth of New York State's craft beverage industry has been frothier than a Peekskill Brewery IPA. The number of craft brewers alone doubled between 2012 and 2015, supporting more than 11,000 jobs and contributing \$3.5 billion to the economy. Rolling back red tape is one reason. So is STARTUP-NY, which supports companies with zero taxes, generous financial assistance, and connections to colleges, universities and employees trained there. New York State beer, wine, spirit, and cider producers are experiencing monumental growth. Now it's your turn.

Visit ny.gov/business to get started.

