



**Testimony on SB 841
Senate Rural Communities
and Economic Development Committee
Submitted by the Oregon Winegrowers Association
April 11, 2013**

Chair Roblan, and members of the committee, I am Leigh Bartholomew, President of the Oregon Winegrowers Association (OWA). Wearing other hats, I serve as vineyard manager at Archery Summit winery in the north Willamette Valley and co-owner of Dominio IV Wines in the Columbia Gorge. I am here today to ask you to support SB 841.

The bill before you is literally the culmination of years of work by the Oregon wine industry and key stakeholders to forge a consensus policy on the rules governing commercial activities and events at wineries on EFU land.

We have had legislation over the past few sessions that have made incremental changes, but the bill before you today gives needed clarification and direction to wineries and public agencies that have grappled with balancing protection of farmland with the need for economic tools to make a winery successful.

We believe this legislation gives certainty to wineries that wish to do commercial events on farm land, but at the same time emphasizes the primary purpose of winery activities is making quality wines. We don't support event centers at wineries on farmland and this legislation ensures special events stay secondary to winemaking.

We are proud to say that there is consensus within Oregon wine industry on the bill before you today; something we have been without over the past several years.

In fact, this legislation is born out of a workgroup organized by the Governor's office that included stakeholders from state agencies, counties, the Oregon Farm Bureau, 1000 Friends of Oregon, the Willamette Valley Wineries Association and OWA. We believe the collaborative approach has improved this legislation, and has set the stage for good working relationships and ongoing dialogue moving forward.

We have worked hard to forge consensus. Prior to workgroup deliberations, our association twice surveyed our members, conducted town hall meetings in all of Oregon's wine regions and we met for months to work on this important bill.



From the wine industry perspective, this legislation has important provisions that have been unclear since the permitted use winery statute (ORS 215.452) was written in 1989.

Many of the provisions in SB 841 are landmark in the sense that wineries are provided more certainty in the future, especially when developing business plans that rely on commercial activities and events to market and promote a winery, while doing some special events to diversify a winery's income.

This consensus bill balances the need to preserve Oregon's farmland with the economic realities of running a successful winery in a competitive marketplace. We believe SB 841 strikes this balance. The bill's key provisions include:

Marketing and business activities

- Affirms permitted use winery rights to tasting rooms, something that has not existed in law prior to this bill;
- Affirms permitted use winery rights to unregulated wine business and marketing activities, such as wine tastings, wine clubs, winemaker luncheons & dinners, winery & vineyard tours, staff events, open houses and business meetings with suppliers, distributors, wholesale customers and wine industry members.
- Clarifies distinction between basic marketing activities and special events (e.g.; celebratory events, concerts, facility rentals);

Special events

- Allows 18 event days per year outright at permitted use wineries outside the Willamette Valley;
- In the Willamette Valley – where wine industry density poses unique challenges – 18 events are outright permitted but with some sideboards; the first six events are allowed with an administrative license and the next twelve events granted with a streamlined land use permit, where conditions may be applied to prevent neighbor impacts. The license or permit is good for five years to give wineries business certainty.

Food service

- Allows food and wine pairings at all permissible activities and special events;
- Allows professional kitchen facilities for above food service, which will be subject to local health inspections;
- Keeps existing law allowing restaurants at large wineries (approved through HB 3280 in 2011).



Non-wine sales

- Clarifies applicability of 25% income limitation on non-wine sales such as food, souvenirs and event fees; applies 25% income rule to conditional use wineries.

Other provisions

- Grandfather clause affirms that new regulations do not apply to legally established, ongoing activities at existing wineries;
- Affirms that wineries not meeting permitted use requirements are eligible for conditional use permits;
- Proposal applies to all wineries in the Exclusive Farm Use zone, but may be extended to wineries in mixed farm-forest zones.

We also ask the committee to adopt amendments to SB 841 that make some necessary fixes to the underlying bill. Our amendment clarifies:

- Grandfather clause is effective upon passage of the bill;
- Events and food service provisions should apply to large winery statute;
- Wineries aren't allowed to stack events, unless seeking approval through a conditional use permit.

The Oregon wine industry makes an important contribution to the Oregon economy and landscape. Oregon's 900 vineyards and 450 wineries have a combined economic impact of more than \$2.7 billion annually, supporting more than 13,000 jobs.

The Oregon wine industry nearly doubled between 2005 and 2011 despite the worst consumer recession in its history. It represents one of the state's most important strategic agricultural industries and the wine industry also is a key driver of tourism in the state. Oregon's reputation for producing a high-quality, sustainable product is growing.

The Oregon wine industry is committing to being good stewards of our land, while continuing to be an economic engine for the state.

SB 841 is the right balance, at the right time, and has won the support of the Oregon wine industry, with guidance from key stakeholders.

We ask the legislature to enact this legislation so wineries can finally have long-term certainty when it comes to conducting commercial activities and events at wineries on farmland.

Thank you and I am happy to answer any questions.