



**Testimony on HB 2443
House Business and Labor Committee
February 18, 2013**

**Submitted by Dan Jarman on behalf of the
Oregon Winegrowers Association**

Chair Doherty, and members of the committee, thank you for considering House Bill 2443, submitted to the Legislature for consideration by the Oregon Winegrowers Association (OWA).

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 around 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.

Even with this success, the industry is always on the lookout for new and unique ways to market, promote and sell our premium wines.

We believe allowing Oregon restaurants, wine shops, grocery stores and wineries to dispense and sell wine "growlers" to consumers is a new and exciting way to promote and sell Oregon wines, especially smaller wineries that are looking for innovative marketing tools.

Beer growlers have become very popular with Oregon consumers. Growlers allow for consumers to bring clean, re-usable containers to a brewery-public house or restaurant to refill from a keg for off-site consumption later.

More Oregon wineries are packaging wine in kegs rather than the conventional glass bottle. This allows wine to be served by the glass at restaurants, or other retail establishments, or dispensed in a re-usable growler.

Allowing wine growlers would be environmentally sustainable (less glass and cork is needed), convenient and cost effective for both consumers and producers.



HB 2443 allows the dispensing and retail sale of wine and cider from a secured keg to a consumer, and that the growler container be securely covered by the licensee dispensing the wine before transferring to the consumer. The bill limits the capacity of the reusable wine and cider container to two-gallons each, which is consistent with the current restrictions on the size of beer growler containers.

HB 2443 would allow wine and cider growlers to be dispensed and sold at the following OLCC license types:

- Restaurants allowed to serve wine, beer and distilled spirits – full on-premise sales licensee (Section 1);
- Restaurants allowed to serve just wine, cider and beer – limited on-premise sales licensee (Section 2)
- Retailers, such as grocery stores or wine shops, allowed to sell wine, cider and beer – off-premise sales licensee (Section 3);
- Brewery-public house licensee (Section 4);
- Winery licensee (Section 5 & 6);
- Grape growers, that are not winery licensees, but use other wineries to process wine – grower sales privilege licensee (Section 7)

Nothing in the bill changes the ordinary distribution channels for wine kegs, in which applicable taxes would have already been paid.

We propose that a necessary safeguard be placed in the law that would require any person dispensing a growler to hold a valid OLCC service permit. This provision is contained in the (-1) amendment before the committee today.

The wine industry would also like to use this new wine growler law as a marketing and promotional tool for Oregon Wine Month, which is planned for May of 2013. To that end, we'd be grateful if the committee would include an emergency clause in the bill that would make it effective upon the Governor's approval. The emergency clause is contained in the (-3) amendment before you.

Allowing the sale of wine growlers in Oregon would create a new, environmentally friendly market channel for Oregon wines to reach retail customers, especially wines made by smaller vintners who may otherwise struggle to achieve placements for traditional 750ml bottle wines.

Thank you for considering HB 2443, and we ask you to support OWA's wine growlers legislation and our proposed amendments.