



March 18, 2020

Hon. Kate Brown
Oregon Governor
Salem, Oregon 97301

Hon. Tina Kotek
Oregon Speaker of the House
Salem, Oregon 97301

Hon. Peter Courtney
Oregon Senate President
Salem, Oregon 97301

Dear Governor Brown, Speaker Kotek and President Courtney,

Oregon's distilling industry is beginning to see deep financial impacts from COVID-19. Our industry expects the economic impact to only worsen for the foreseeable future. Many distilleries are expecting a devastating loss in income from 50-80 percent. Distilleries have begun to furlough and lay-off employees. Our ability to sell is greatly diminished across all sources of revenue, including:

Tasting Rooms: Direct to consumer sales have dramatically diminished. Tourist, who make up the majority of tasting room visitors, are gone. Our 33 percent on average tax on direct sales leaves little cash for operations.

On-Premise: Many Oregon distilleries provide spirits to restaurants and bars. With bars and restaurants shut down, some distilleries expect to sell 80 percent less due to social distance restrictions.

Off-Premise: A large number of Oregon distilleries sell through liquor stores for home consumption. Liquor stores are seeing larger than normal sales during this period of uncertainty. Those increased sales are not craft brands that small Oregon distilleries produce, but value brands produced out of state.

Out-of-State Sales: Sales to markets that have already been affected by COVID-19 are disappearing. For distilleries that focus on on-premise sale in impacted markets, such as Seattle and San Francisco, expect to lose all their business. This lost market share will be expensive to regain.

We implore you to help ease financial devastation this virus is inflicting on our industry by implementing the following:

- 1). Make statutory change to increase Distiller Tasting Room Compensation to 45%, which was policy change contained in SB 1565 from the 2020 session. This legislation that was approved by Joint Ways and Means Committee, and awaiting floor action when the session ended, would have meaningful and immediate impact on our struggling businesses.



- 2). Improve access to low or 0% interest on SBA loans and grants for equipment and cash flow. Due to the nature of inventory, government regulation and heavy taxation on distilleries it is nearly impossible to secure lines of credit and equipment loans to grow distilleries through traditional methods. The inability for distilleries to access capital will truly be felt during this transition. This is critical for the distilleries that are focused on produced from ingredients grown in Oregon.
- 3). Economic assistance with lay-off and PTO. It is tremendously difficult to lay-off employees knowing that they do not have access to unemployment benefits for a one week waiting period.
- 4). Allow direct to consumer deliveries and/or curbs side service. Many of our customers are afraid to leave their homes. Let us help with social distancing by delivering our products.
- 5). Support to drive consumers back to our tasting rooms after the crisis is over. Agri-tourism is such an important part of the Oregon Beverage Story we will need assistance through Travel Oregon and other media to recover the business in our tasting rooms.

We hope that you recognize the significant role that Oregon distilleries play in the Oregon economy and financial future of our state. We are eager to work with you on these policy changes that will allow our industry this current crisis.

Thank you,

Brad Irwin
President
Oregon Distillers Guild

CC: Hon. Arnie Roblan, Co-Chair, Joint Special Committee on Coronavirus Response
Hon. Paul Holvey, Co-Chair, Joint Special Committee on Coronavirus Response
Hon. Ginny Burdick, Senate Majority Leader
Hon. Herman Baertschiger, Senate Republican Leader
Hon. Barbara Smith Warner, House Majority Leader
Hon. Christine Drazen, House Republican Leader
Steve Marks, Director, Oregon Liquor Control Commission