

## **Oregon Wine Industry Priorities for COVID-19 Economic Relief**

Oregon's wine businesses are committed to following the directives set out by our state's leaders in order to protect the health of all Oregonians, including a prohibition on hosting guests for wine tastings and events. The Oregon wine industry is comprised of hundreds of small businesses heavily reliant on direct to consumer sales through tasting room activities. While a small portion of revenue can be filled through online and pickup opportunities, these businesses are struggling. Most wineries have their 2019 wines in barrel and tank and are faced with incurring high bottling costs without clarity as to whether the market will absorb the new wines given the unknown financial stability of retail and other consumers. In addition, our vineyard businesses continue to incur farming costs with grave uncertainty whether customers will be in a financial position to purchase wine grapes this fall. Many vineyards are also awaiting final payment for 2019 harvested fruit. Employers in our industry are struggling to keep employees on payroll as revenue declines. We need federal and state support to mitigate the devastating economic disruption accompanying this health crisis for wine businesses and their employees. We need creative, immediate action to infuse financial resources into our businesses. Before now, the Oregon wine industry was responsible for driving at least \$5.6 billion in statewide economic impact annually, including \$787 million in wine tourism, and supporting nearly 30,000 jobs, much of this in rural Oregon. Many wine businesses are now struggling for their survival, especially smaller ones that make up a large portion of the Oregon industry.

We ask Oregon policymakers to help our wine industry during this crisis with these suggestions:

**Liquidity:** Wine businesses are facing a cash flow crisis. Steps need to be taken to keep cash in hand to help small businesses meet payroll and cover operating costs. Cash flow is the single most important element for small businesses at this time.

- Create an industry stabilization fund for small businesses with grant monies from the federal government for businesses experiencing declining revenue. When federal money comes to Oregon it should be accessible in a transparent, quick and efficient manner.
- Defer all city and state business taxes. Defer payment of quarterly business taxes due April 2020 to Feb. 2021 with no interest or penalties. Delay implementation of the Commercial Activities Tax for one year.
- Suspend payroll taxes for wine businesses for at least the duration of mandatory closures.
- Suspend collection of federal excise and state privilege taxes until at least July 15, 2020 and waive penalties and interest fees on late payments for 2020.
- Extend tax filing deadlines.
- Defer any business and alcohol licensing fees for at least 3 months.
- Suspend payment of workers compensation premiums for at least 90 days.
- Create incentives, including tax credits, for investments in job retention and continued benefit coverage.

**Unemployment Insurance:** The last resort for our industry during this crisis is laying off workers. We support our workers and urge policymakers to approve needed financial resources.

- Prioritize the stability and accessibility of the Unemployment Insurance Fund.

- Make unemployment insurance available for all employees temporarily laid off or furloughed; create immediate access for workers displaced by business closures and slowdowns by eliminating the one week waiting period.
- For employees facing reduced hours expand the Work Share program by extending it to salaried employees, reducing the number of required employees to participate, and lifting the requirement that employee be employed for 6 months to qualify.
- Protect employers from increased rates and penalties when employees make claims for unemployment due to reduced hours or business closures.

#### Provide Robust No- and Low-Interest Loan Assistance

- Provide robust funding for the Small Business Administration Disaster Assistance Program. Place as few limits as possible on the ability for small business to access loans swiftly regardless of existing lines of credit. The requirement that applicants must exhaust all other borrowing options before applying should be waived. Consider making loans forgivable based on certain criteria.
- Direct Business Oregon to work with financial institutions to help small businesses get access to low-and no-interest loans and/or payment deferrals.

#### Business Interruption Insurance

- Help from state and federal legislators to make sure businesses are covered by insurance for non-continuity of operations. Most insurance policies only cover loss of property or loss of sales, but loss of sales is not covered by a civil authority closing establishments. Most policies are written with a specific exclusion for pandemics making them useless in the current situation.
- Insurance companies should not receive a bailout without requirements to cover losses due to COVID-19.

Shelter-in-Place: In any forthcoming action vineyard and winery activities and related delivery services need to be deemed “essential.” We support the following exemption language:

- Agriculture, including farming, livestock, fishing and all commercial activities in conjunction with cultivation that are necessary for the production, processing, sale and transportation of agriculture products.
- Food and beverage production, processing, packaging, distribution, transportation, storage, warehousing and delivery services.
- Restaurants and other facilities, including schools, that prepare and serve food and beverage, but only for delivery, carry out or drive-through.
- Businesses that ship or deliver groceries, food, goods or services directly to residences.

#### Regulatory Relief

- Temporarily expedite the process for 3<sup>rd</sup> party delivery services to become an OLCC approved for-hire carrier to allow for wine sales as part of restaurant delivery orders.
- OLCC licensees should have their license fees credited toward renewal given that they are not being allowed to use all the privileges of their licenses.
- Suspend requirement that wineries not owing state privilege tax have to file unnecessary paperwork with the OLCC.

- Defer implementation of Oregon Saves for business under 500 employees. The implementation schedule places an administrative burden on small management teams scrambling to preserve cash flow and jobs.
- H-2A visa program must be preserved to help ensure agriculture labor availability.
- Each state that allows direct shipping has its own permitting regime with associated fees, taxes and reporting requirements. A national shipping permit would standardize and simplify the process and cut costs for small producers in particular. States could continue to receive tax revenue.

### Communication

- Establish regular lines of communication between business and Oregon leaders to have regular updates and strategy discussions and create sector-by-sector response teams.
- Establish a centralized resource for small businesses and employees who are trying to access the state's new and existing programs.

