



## Senate Environment and Natural Resources Committee – Elin Miller, OWC Co-Chair Testimony

Chair Dembrow, members of the committee, thank you for the opportunity to discuss the impacts of COVID-19 on the Wine Industry. I am honored to serve as Co-Chair of the Oregon Wine Council. Our organization, formed less than 10 months ago, now represents more than 50% of Oregon wine grapes grown, produced and sold. In the past, I served as Regional Administrator of EPA and also Director of the CA Department of Conservation. I'm a farmer now and will soon complete the planting of 60 acres of wine grapes on the farm that has been in the family since the mid-1800's.

The wine industry is unique in that we have been impacted by COVID-19 in multiple ways.

- As Farmers working side by side with our workers in the vineyards
- As Makers of Wine ensuring safety in production
- As Wine Sellers through Tasting Rooms, Restaurant and Off premises sales through retail

Wine sales are the driver for the fiscal health of our industry. Prior to COVID, based on data collected by Silicon Valley Bank, 44% of wine sales in the states of CA, OR and WA were from tasting rooms and restaurants. Oregon is however unique. According to industry expert, Deborah Steinthal, 2/3 of Oregon's 793 wineries are small to medium sized and 60-70% of their revenue is derived from restaurant and tasting room sales. Overnight, 60-70% of the market evaporated.

In light of this impact, the industry worked with the Governor's Office on the Restaurant, Brewery and Wine Tasting Guidelines which are in effect for Phase I. We have embraced these guidelines, but they are still quite restrictive. As counties enter Phase II and more health data becomes available from state, national and international sources, we have asked for further guideline relief while keeping our employee and customer safety top of mind. We also appreciate the leadership of OLCC Director Marks in providing some initial relief at a time needed the most.

Like other businesses, we have serious concerns about potential liability exposure that we face even as we work to comply with the guidelines. Providing limited liability protection for those who are complying with orders from the Governor or guidance from the state, will help mitigate these concerns.

As we look into the future, industry experts predict that social distancing will continue to impact restaurants and tasting rooms resulting in only 50% occupancy reached in 2020 and 100% occupancy by mid-late 2021. Additionally, cash flow impacts for restaurants

and wineries may send many into insolvency. According to IRI data, the wine price point that has been selling well in off premises retail (ie grocery stores) is...\$11-19.99 per bottle. Due to our higher costs needed to farm our vineyards compared to the rest of the US and maintaining the quality that Oregon wines are recognized for, much of Oregon wine needs to sell at a higher price point in a very competitive marketplace. The Oregon Wine Industry is creative and resilient, and many are pivoting quickly to other segments, but making up 60-70 percent of revenue may be insurmountable.

Considering this market impact, farming grapes will become more challenging especially in light of the new OSHA emergency rules. As a former EPA Regional Administrator with broad enforcement authorities, I fully understand the need for worker protection. As farmers, we work side by side with our employees and labor contractors and want to keep everyone safe. We appreciate the \$30MM in funding from the Governor you heard about earlier today which will help defer some of the costs to an already challenged farm economy. For vineyards, we hope that funding will last through our fall harvest. We appreciate Director Taylor's leadership in guiding this funding package. We would also like to see OSHA continue to work toward alignment of their temporary rules with the public health guidelines that have been issued as part of the phased reopening process.

Again, the Oregon Wine Industry has been impacted in many ways from farming to production to tasting room and restaurant sales. Thanks for allowing us to share our concerns. We'll be happy to update you further as our journey continues.