

DEL RIO

VINEYARD ESTATE

To: Senate Judiciary Committee
From: Del Rio Vineyards
Date: March 19, 2019
Re: Opposition SB111

In response to the letter written 3/14/2019 by Bill Cross on SB111, we submit the following:

1) Line one of the letter is not true.

“As unbelievable as it sounds, out-of-state wineries who are making Oregon labeled wines are not required to follow Oregon law.”

Federal law requires adjacent states to follow Oregon law. See attachment

(TTB-Regulations-Alcohol Regulations-Part 4-4.25)

2) Line two of the letter is also not true.

“As a result, large California producers are avoiding the wine grape tax Oregon wineries must pay (\$25 per ton) and are not held to the high Oregon standards in the law.”

Large wineries in California are not avoiding a grape tax, they have not been asked for it. The mechanism is already in place to collect that tax Through the OLCC, with the **Oregon Wine Board Tax Report**. It asks for \$12.50 per ton for fruit shipped outside the state. This is an easy fix with one simple amendment to the form. I have not spoken with any out of state wineries that are opposed to paying the tax if asked. Attached is the **(Oregon Wine Board Tax Report)**

3) Line three of the letter is also not true.

“SB 111-3 simply requires out-of-state producers to pay the same taxes and follow the same rules Oregon wineries must follow in making Oregon labeled wines.”

If this were true, there would be no reason for the bill because existing law would be sufficient to achieve Mr. Cross' stated goals. But SB 111 has several pages of complicated, abrasive, and misleading provisions that change existing law to benefit a few and will be harmful to many in the industry.

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4) Line four and five are misleading and inaccurate.

Bill Cross speaks of an “Open Letter” titled “Truth in Wine Labeling,” that acquired 250 signatures. (That is true). The Oregon Winegrowers Association did circulate a letter explaining their broad goals for this legislative session and many wineries signed this letter. We don’t think anyone in the wine industry would have a problem with the spirit of that letter. But SB 111 does not reflect the policy goals of the letter. Many of those who signed that letter are in opposition of SB 111. **This Bill was deceptively mislabeled.**

The rest of the letter Bill Cross wrote is about a continuing battle between Willamette Valley Vineyards and Copper Cane winery. The drama of this issue should not be drug into the conversation as a political talking point. Copper Cane is a licensed California winery and is regulated under the TTB. Under existing federal TTB rules, Copper Cane must follow Oregon law in labeling the wines it makes from Oregon grapes. Willamette Valley Vineyards and others have complained that some of Copper Cane’s labels are misleading and violate TTB rules. The TTB and OLCC are addressing those complaints as they should be.

5) In closing I offer the following:

- a) This bill was misrepresented and would be harmful to our industry.
- b) This bill does not address the antiquated Oregon Wine Tax, as it should
- c) This bill discourages growth and is abrasive towards our out of state partners
- d) This bill is divisive and is polarizing the Oregon wine industry in unprecedented ways.

Respectfully,

Rob and Jolee Wallace
Del Rio Vineyards, LLC