

PAUL O'BRIEN

WINERY

Scott Kelley
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Senate Judiciary Committee:

I am writing you today in strong opposition of SB111-3. While this bill was started by the Oregon Winegrowers Association to collect grape tax from out of state growers. This bill has been hijacked by Mr. Jim Bernau and Willamette Valley Vineyards, as a way to carry out a personal vendetta that Mr. Bernau has with Copper Cane Wine Co. SB111 is being presented as a truth in labelling bill and pay your fair share but includes some very misleading arguments. I urge you to oppose this bill on the following grounds.

- Federal laws already require all producers of Oregon branded wine to comply with the label standards of Oregon. TTB Federal law 27 CFR 4.25 "Appellations of Origin" states:
"At least 75 percent of the wine is derived from fruit or agricultural products grown in the appellation area indicated; (ii) it has been fully finished (except for cellar treatment pursuant to §4.22(c), and blending which does not result in an alteration of class or type under §4.22(b)) in the United States, if labeled "American"; or, if labeled with a State appellation, within the labeled State or an adjacent State; or if labeled with a county appellation, within the State in which the labeled county is located; and (iii) it conforms to the laws and regulations of the named appellation area governing the composition, method of manufacture, and designation of wines made in such place."
- Section 3 of SB111 – states that wine made from Oregon grapes in another state must declare where the wine was made in font twice the size of the Oregon name. Currently federal law states that all wine must include the location of bottling and if a "Produced and bottled by statement" is made then the wine must have been produced at the winery where it was bottled. This section is purely based on anti-competition by wineries in Oregon who wish to keep out of state wineries from competing against them. Is wine made from Oregon grapes by an out of state winemaker of lesser quality just because it is made in another state. Currently over 20% of the Oregon winegrape harvest is sold to out of state wineries. Our goal is to grow the Oregon wine business and if all state laws are being followed, why should we be putting restrictions on out of state wineries.
- Section 4&5&10 – these sections are very harsh and with one violation a winery in Oregon or out of Oregon could have its license revoked for three years plus financial penalties. Violation levels are not defined and subjective to the OLCC. These violations would originate as complaints from other wineries. This allow wineries who have personal vendetta's to file complaints on every minor infraction from the size of font on a label being ½ mm to small or to large to false claims about how a wine is being made. This will require the OLCC to investigate these complaints at a large cost to the tax payers and the accused business.
- Section 8&9 – requires out of state wineries who purchase grapes or bulk wine to have an Oregon winery license. Presented as the only way for OLCC to collect tax. I have no issue with out of state wineries paying the grape tax, however this has far reaching implications regarding impeding businesses. This will discourage businesses from out of state from buying Oregon grapes and wine. By law they are already required to have a Federal license as well as state license in their home state. A better way would be to force growers who sell their grapes out of state to pay the tax.

I request a response regarding this matter.

Sincerely,

Scott Kelley