



To: House Committee on Economic Development

From: Katie Jacoy, Western Counsel

Date: April 3, 2019

Re: Opposition to HB 3386-1

Members of the House Committee on Economic Development, thank you for the opportunity to express our opposition to HB 3386 and the proposed -1 Amendment. Wine Institute is a public policy association representing 824 California wineries of all sizes. For about 30 years, there has been legal, direct wine shipping to Oregon consumers. Comprehensive statutes and Oregon Liquor Control Commission (OLCC) regulations currently govern direct wine shipping transactions and delivery, i.e. ORS 471.282, 845-006-0392, and 845-005-0424. HB 3386 and the -1 Amendment include direct shipping in a new regulatory structure, which could put in jeopardy the long-standing, successful program relied upon by wineries and wine lovers in Oregon.

We simply want to protect the legal, regulated and successful direct to consumer shipping program in Oregon. The common carriers are essential partners in this successful wine shipping program. So, any changes to the program must be acceptable to the common carriers. If HB 3386 were enacted in its original form, the common carriers would discontinue shipping to Oregon consumers because of the onerous new structure and requirements applied to direct to consumer shipping. Since stakeholders only received the -1 Amendment at 5pm yesterday, there hasn't been time to fully analyze all the impacts of the new language. However, including direct to consumer transactions and delivery in this new framework with new requirements instead of amending ORS 471.282 (Direct shipper permit) is confusing and could lead to legal interpretations that could negatively impact direct shipping.

We were not aware of any issues with direct to consumer shipping until OLCC staff made brief, anecdotal comments during a meeting regarding this bill last week. We believe the OLCC should investigate to see if there are real issues and hold stakeholder meetings to discuss the best ways to address any issues. An OLCC investigation and stakeholder discussions should occur before any legislation places additional burdens on shippers and common carriers.

Under current regulation, common carriers transporting wine to Oregon consumers must have their delivery plans approved by the OLCC in advance of transporting wine. If it is determined through OLCC investigation and stakeholder discussions that this is not adequate for public safety, then the direct shipper permit statute (ORS 471.282) could be amended to require that common carriers obtain a permit. There is no need for such a proposal to be included in a new statutory framework, like the one proposed in this bill. The language surrounding any new requirements relating to direct shipping needs to be consistent with the current, workable permit system.

We respectfully request that all new requirements on direct shipper transactions and delivery governed under ORS 471.282 and current OLCC regulation be removed from HB 3386. Please don't place in jeopardy direct to consumer wine shipping to Oregon consumers.



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