



To: Senate Judiciary Committee
From: Oregon Wine Industry Coalition
Date: March 26, 2019
Re: Opposition to Senate Bill 111-3

I am writing to you today in strong opposition of Senate Bill 111-4. The Oregon Wine Industry relies heavily on its growers. These growers form the foundation of our industry and they must be financially successful in order for our industry and my business to prosper. If SB 111-3 passes, it has the potential to be financially devastating to our growers and therefore the Oregon wine industry as a whole, because it devalues Oregon grapes that are sold to out of state wineries.

In several aspects SB 111-4 does not represent the best interest of the Oregon wine industry as a whole. Although I support any legislation to clarify Oregon tax law, protect consumers from misleading labeling practices and level the playing field of all wineries making wine from Oregon grapes. SB 111-4 as written does not exclusively achieve these goals. Instead, it benefits wineries over vineyards which puts the foundation of the Oregon Wine Industry at risk.

In particular the bill has the very real potential to:

- Devalue Oregon wine grapes. Oregon winegrowers now produce more fruit than can be processed solely by Oregon wineries. According to the Oregon Wine Board's 2017 Oregon Vineyard & Winery Report, 20% of all grapes grown in the state of Oregon are shipped outside of the state. SB 111-4 has the real potential to prohibit out of state wineries that produce wine from Oregon grapes from labeling this wine as "Oregon" wine. Because the Oregon brand is so valuable, this prohibition would depress the value of these grapes and potentially close or restrict a very much needed sales channel for our vineyards.
- Cause consumer confusion. The bill's labeling requirements draw attention away from the place of origin of the grapes, to the place where the wine was vinified. This could give consumers the impression that where the grapes are grown is less important than vinified. I believe that the success of the Oregon wine industry is rooted in the quality of our grapes, and therefore that this labeling emphasis will simply confuse the consumer rather than clarify.
- Split the industry and choose winners and losers. The bill has been portrayed as having broad support in the wine industry, and indeed many of the concepts that this bill reinforces are supported broadly. However, as written, SB 111-4 has the potential to be much more onerous and financially hurtful to our vineyards rather than our wineries.

For these reasons, I respectfully request that you do not pass SB 111-4 out of committee.

Sincerely,

Sam Tannahill
Founder, A to Z Wineworks

