

“I asked Jim Bernau these questions to get a better understanding of SB111-4, hopefully the information is useful”

1) How much do you pay in taxes vs. Copper Cane?

All Oregon based wineries pay \$25 per ton and then can deduct \$12.50 per ton on their grower payments. Each Oregon winery pays on volume of grapes used, so WVV's is about \$50,000 per year approx. Out of state wineries pay \$0, but their growers are required to pay \$12.50 directly to the OLCC, most don't.

2) As a result, what is the impact of paying the tax have on the cost and/or retail price.

The financial impact is on what cash each winery has to retain in profit to grow. The average retained earnings is approx. 8%. So, the tax is significant.

3) What is the result of this competitive advantage? Retail price-shelf space-how presented such as grouped by price?

Out-of-State wineries, because they don't pay the tax, have more money to promote the sale of their brand - which creates the unfairness and disadvantage Oregon wineries have in the marketplace. The marketing budgets of wineries are small, so the tax is very significant to the amount of cash available for marketing.

The state receives less taxes. The competition or those opposing SB111-4 want to maintain a competitive advantage at the expense of the state of Oregon.

Yes, you are right!

**Respectfully,
Tim Cowan**