SB 112A

Oregon Wine Tonnage Tax Fairness Act

The Oregon Winegrowers Association asks you to support SB 112A that clarifies that out-of-state wineries with existing OLCC licenses and permits must fulfill the same grape tonnage tax payment as required for Oregon wineries. This wine industry tax, which has been the law for 36 years, funds the Oregon Wine Board which promotes and markets the Oregon wine industry.

Now is the time to clarify Oregon's winegrape tonnage tax law to ensure there is a level playing field between Oregon producers and those outside the state.

Our amendment clarifies that out-of-state wineries buying Oregon winegrapes are required to pay half of the $25/ton winegrape tax that funds the Oregon Wine Board's activities supporting our state's $5.6 billion wine industry. This mirrors the tax due from every Oregon winery. The remaining $12.50 is owed by Oregon winegrape growers.

Oregon represents about 1% of U.S. wine production. The Oregon Wine Board needs the necessary resources to promote our award-winning wines and support critical research so our grape growers and wineries can be competitive in a crowded marketplace. Out-of-state producers benefit from the work of the Oregon Wine Board and should be required to contribute their fair share. Otherwise, out-of-state wineries are placed at a competitive advantage over Oregon wineries that are required to pay the tax.

According to the most recent annual Oregon Vineyard and Winery Report, about 20% of the 2017 harvested wine grapes were sold out of state (18,210 tons). This represents an increase of 60% in just one year. If taxes had been paid on those tons, it would translate into $455,250 collected by the OLCC on behalf of the Oregon Wine Board or about 25% of the total 2017 winegrape tax assessment. That infusion of new money would extend the impact of grape tax funds already collected from Oregon growers and winemakers in support of new scientific research projects and marketing programming designed to expand market availability and fulfill increasing consumer demand for Oregon wines.

The growth of out-of-state winegrape sales underscores Oregon's exceptional quality reputation, and also highlights the urgent need to clarify this portion of the law.

The Oregon Winegrowers Association asks that you support SB 112A.

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Summary of SB 112A:

- Clarifies that out-of-state wineries that hold existing OLCC licenses and permits (i.e.; Direct Shipper, Certificate of Approval, Self-Distribution) must remit the $25/ton winegrape tonnage tax and shall collect and remit the grower portion of the tax ($12.50/ton) to the OLCC. Winery may deduct $12.50/ton from payment to grower. Same tax payment requirement as Oregon wineries.
- Gives OLCC authority to relieve out-of-wineries from the producer portion of tax if located in shared AVAs and not using Oregon geographic designations.
- Provides a mechanism to bring all Oregon wine grape growers into compliance with current tax law regardless of which states their customers are in.
- Goes into effect on July 1, 2021.

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