House Committee on Agriculture and Natural Resources
Testimony on Wine Grape and Hazelnut Ag Disaster Impacts
November 16, 2021, 8AM

Good morning Chair Clem and honorable members, I'm Elin Miller, Chair of the Oregon Wine Council and owner of Umpqua Vineyards LLC and UmpquaNut Farm in the Umpqua Valley. I am also a member of the Oregon Hazelnut Society and Oregon Winegrowers Association. I'll be addressing the impacts of natural disasters on both industries in my testimony.

The 2020 wildfires had a dramatic effect on the wine industry. For the first time, nearly every wine region across the west coast was directly or indirectly impacted. In October of 2020, the Oregon Wine Council surveyed our membership which represents over 50% of Oregon Wine Grapes grown, produced, and sold and that survey estimated that due to wildfires, wine production would be down 25 to 30 percent. The Oregon Wine Board's Vineyard and Winery Report released this fall revealed a 29 percent decrease in total wine production due to lower yields and the September 2020 wildfires.

So, how is the wine industry responding to these wildfire and smoke-related challenges? While some winemakers were able to produce the high-quality wine Oregon is known for by using creative processing tactics for smoke-exposed grapes or by using grapes picked before the wildfires began, the long-term impacts of smoke exposure on wine grapes remains unknown, a significant challenge for most Oregon winemakers and vineyard operators.

The Oregon Wine Council, the Oregon Winegrowers Association and the Oregon Wine Board are working with the West Coast Smoke Exposure Task Force, a collaboration between our colleagues in Washington, California and here in Oregon to research the effects of smoke on grapes. This group is partnering with regional research universities and expanding on work that has been done in Australia to answer questions and establish standards. The Task Force's Technical Committee is chaired by an OWC member.

And while we've learned a lot about the impacts of smoke exposure already, there is still much more we need to learn. The impact that smoke can eventually have on a bottle of wine depends on many factors…grape variety, length of time exposed, proximity to fire or smoke, the chemical to analyze, what's burning, new smoke versus old smoke, wind

and more. Thus far, industry advocates have been able to secure federal dollars to help begin to answer these questions through a variety of research projects and we would welcome additional support from Oregon.

Because the severity of wildfires up and down the west coast in 2020, lab capacity to test grapes exposed to smoke was a big issue. In a normal year, what could have taken a day to do an analysis that would allow growers to determine whether or not to invest in harvesting their grapes, took multiple weeks because of the demands on testing capacity, at which point, it was too late to make that decision, so many growers simply left grapes hanging on the vine. In later September, we petitioned OWB provide short-term funding for OSU's Smoke Analysis Lab and the industry was able to secure $2.68 MM of general fund money this legislative session to increase OSU's lab capacity for testing.

As an example for why this matters, on our farm in the Umpqua Valley, we left 18 acres of Pinot Noir grapes hanging on the vine because we did not know if those grapes would meet quality standards and the smoke was so thick that we were worried about ourselves and our workers who would be harvesting the grapes. Had the increased lab capacity been available at that time, we would have known the impacts of the smoke exposure and may have had a shot at harvest when the smoke subsided. As a grower, I want to be able to deliver my grapes to wineries who have purchased them, but if that means jeopardizing the quality of the finished wine product, I understand why a winery would reject my grapes. Unfortunately, we need more research to define what that standard looks like. Even more challenging for many growers dealing with the impacts of smoke exposure, growers need to have an established three-year production baseline to begin to qualify for federal crop insurance, meaning that was not an available avenue for many dealing with smoke and wildfires this last year either. Wildfire and Hurricane Indemnity Program (WHIP+) was recently reauthorized at a level of $10 billion to include wine grape losses due to smoke at the request of OWA, OWC and other West Coast wine organizations. The program is administered through the USDA Farm Services Agency. The program requires growers purchase crop insurance for future years, so the wine industry has been working with the USDA Risk Management Agency to seek improvements for a better fit for wine grapes to the crop insurance program.

Additionally, we were thrilled to see the announcement earlier this month that a $7.65 million grant has been awarded to researchers at Oregon State University, Washington State University and University of California, Davis to study the impact of smoke exposure on grapes. This four-year project is funded by the USDA's National Institute of Food and Agriculture and will provide valuable research and data on the impacts of smoke exposure as winemakers continue to face these challenges in the coming years.

The historic wildfires – on top of the impacts of COVID-19 – made 2020 one of the most challenging years in our industry's history and this is an issue that we believe we will continue to see in the years to come.

My husband and I also farm hazelnuts on our UmpquaNut Farm. On Valentine's Day of this year, fellow hazelnut growers to the north suffered impacts from an ice storm that reached from Forest Grove in the north to Lebanon in the south. Mature trees saw the biggest impacts, particularly in Marion, Clackamas and Polk Counties.

In viewing the pictures of this devastation, it mirrored the "Snowmageddon" of 2019 that hit Lane and Douglas counties. During that 2019 storm, our farm in Umpqua lost 60 percent of our fruiting branches due to the heavy snow and at harvest our yields were down 50 percent.

As hazelnut harvest is winding down in the Willamette Valley, initial yields are showing that the 2021 ice storm impacted production by 30 to 40 percent for many growers. More data will be available as harvest finalizes. As with grapes, few hazelnut farms in Oregon have Federal Crop Insurance. The program has been in place and works well for large commodity crops like corn and soybeans, but it is difficult to fit into the needs of many of our specialty crops in Oregon. Another federal program, the Tree Assistance Program or TAP, requires 15 percent mortality loss of the complete trees themselves which might work well in a situation like a hurricane where entire pecans trees were destroyed in Georgia, but our snow events here in Oregon caused half the branches in a single tree to hyperflexed, fully break or, as we saw in our orchard, buckle where you could literally put your fist through a 9 inch diameter branch. In the case of our orchard, we lost 60 percent of the fruiting branches due to an ice storm, but out of 4,000 trees only about a dozen full trees were completely destroyed; therefore we could not qualify for Federal TAP either. The program just did not fit our ice events in OR.

And then came the heat dome in June of this year. We encountered sustained temperatures as high as 113 to 117 in hazelnut growing country throughout the state. Farmers encountered leaf burn and saw complete clusters burnt off at the stem depending on variety. Even with this damage, on our farm we thought we would be fine, but none of us would know until harvest. As harvest reports are just now coming in, there does seem to be a big impact on the sizing of the nuts due to the extreme heat exposure. Last year, for example, farmers were paid nearly twice as much (87% more) in a bonus for larger or what's considered "jumbo" nuts for the Ennis variety. The average percentage for jumbos in 2020 was 54 percent of the crop. On our farm it was 60 percent. This year, the average is looking like 22 percent, given preliminary reports and on our farm we are at 25 percent. In 20 years of harvesting, we have never seen the jumbo percentage lower than 40 percent and the only difference we can point to is the heat dome. Bottom line this is a loss of over 25% of the value of last year's crop! Again, more information will be forthcoming as harvest finalizes. This is huge for the

Oregon hazelnut industry. Our biggest differentiator between American and Turkish (the world's largest producer of hazelnuts) nuts is the size of our nuts for a number of varieties. Oregon hazelnuts are larger than Turkish nuts, which is why there is a demand across the world for our nuts. Due to the heat, Oregon's hazelnuts won't be as large this year as what the world has come to expect, thus we'll lose some of our competitive edge.

While the natural disasters of the last two years definitely impacted both wine grapes and hazelnuts, as you have heard from other specialty crops, we would ask, should funding be made available, it be channeled to the most impacted. Thank you for your time and I would be happy to answer any questions you may have.