



Testimony in support of SB 406
Submitted by the Oregon Winegrowers Association
House General Government Committee
April 29, 2021

Chair Wilde, and members of the committee, the Oregon Winegrowers Association is submitting testimony in support of SB 406.

The Oregon Winegrowers Association has been advocating for policies in support of Oregon's wine industry for more than 40 years. We represent hundreds of wineries and vineyards of all sizes throughout the state.

The Oregon wine industry brings to the legislature SB 406 as a small step to modernize Oregon's wine direct shipment law, which was enacted in 1989 and has not been updated since.

This is an important time to pass SB 406. COVID and wildfires in 2020 have had devastating effects on Oregon's wine industry. Winery tasting rooms have been closed for much of the year, wine-loving tourists haven't been able to visit the state, and restaurant sales have dried up locally and nationally.

It will take years to recover, and some in the wine industry may not survive. According to data published by the Oregon Wine Board, in 2020 total economic activity in Oregon related to wine fell more than 20% while jobs related to the wine industry's presence in Oregon fell 28%. It has become clear that Oregon wineries need more tools to expand their market reach.

The pandemic has changed the way Oregonians purchase everyday products. In the interest of safety and convenience, many consumers have come to rely even more heavily on the internet for online orders. We have seen an increase in demand for wine to be shipped directly to customers in Oregon, and outside the state, but the current law has barriers for this important sales channel.

Oregon's wine Direct to Consumer shipping - or "DTC" law - passed in 1989 and was one of the first in the nation. The law recognized that Oregon wineries, which make premium, higher priced wines, needed to be able to ship directly to customers who could not find their favorite Oregon wines at many retail locations. This is of particular importance for Oregon's smaller wineries that make up a large portion of our industry.



For more than 30 years, our wine DTC law has only allowed a winery to ship to a customer two cases of wine per month. Over time, other states have modernized their DTC laws, while ours has stayed the same. For instance, California and Washington wineries have no monthly limit on the number cases that can be shipped to consumers.

Wineries are finding during COVID that customers want more than two case per month, since fewer premium wine buying options exist. This has become an issue for wine club programs that ship only a couple of times a year, or when loyal customers want additional Oregon wine for a private event or to give out as gifts. Once social gatherings are again safe, we expect pent up demand for postponed events, such as weddings, where more than two cases will be desired.

The average price of an Oregon wine shipped DTC is more than \$40 per bottle, compared to \$16.50 for a bottle sold at retail stores. These DTC shipments are typically premium and specialty wines enjoyed by consumers who are seeking wines not always available outside of winery tasting rooms. These are the wines made by many of Oregon's distinguished wineries.

SB 406 takes a modest step to modernize Oregon's DTC wine law by allowing up to five cases of wine to be shipped to a consumer per month. Since Oregon must follow "reciprocal" shipping laws, it would also allow an Oregon winery to ship up to five cases per month to a consumer outside of Oregon, if that consumer's state allows that amount by law.

SB 406 is an important bill that will modernize Oregon's wine DTC law. This modest step will be very beneficial to Oregon's craft wineries, especially ones trying to recover from COVID, last year's wildfires, and meet new consumer demands.

We hope the legislature will give this enhanced tool to help Oregon's wine industry. We respectfully ask the House General Government Committee to pass SB 406 to the House floor.

Thank you on behalf of the Oregon Winegrowers Association.