

February 11, 2021

Sen. Ginny Burdick, Sen. Rob Wagner, Sen. Chuck Riley, Sen. Brian Boquist, Sen. Lynn Findley,
Sen. Peter Courtney, Sen. Fred Girod; Dan Jarman and Jen Petersen

Dear Senate Finance Committee,

Good afternoon and welcome back for this 2021 legislative session! My name is Bryan Toedtli, co-owner with my wife Brianne, of Drop Shop Distillery LLC in Hillsboro. I am urging you to pass SB 316. Our tasting room sales, which includes sales at the farmers markets and other events, is the major contributor of revenue for the distillery. We have been in business since 2016 and even to this day we rely on family to help my wife and I around the distillery and at the markets. Thankfully, the family is willing to freely volunteer their time and help, and understands the reason we cannot pay is largely due to the amount of tax that we pay to the OLCC.

Prior to COVID, we participated in many events, which is what kept the distillery afloat. On hot summer days we would open up the overhead door and welcome customers to tour the facility and check out anything we had going on. Current times, however, have cancelled many of the larger events that we really counted on for income, and have forced us to dip deeply into our savings just to keep the lights on. Thank goodness we both still have our day jobs! We haven't been able to offer tastings in the tasting room for quite some time, and in our industry that's a big deal. Tastings in liquor stores have come to a halt, so we haven't been able to get out and market our new products. We are hoping the time is near when we can get back to some sense of normalcy, bring back tastings, and expand our brand.

With the passage of SB 316, we will be able to open up a marketing/sales position to help drive our brand across the state and get us into more liquor stores. We will be able to continue to support our local and state economies which is the source of our grain and produce and other materials. It would also give us a chance to expand our distillery as well, to stock more product. We could use the floor space!

The OLCC keeps minimal inventory for us. When they pull a case from bailment, they pay of roughly half of the retail value. Fair enough because they store it, ship it, etc. As it is now, we keep most of our product stocked in house. This includes all of the product that we sell at farmers markets, misc. events, and of course our tasting room. The OLCC doesn't see this inventory, they don't have to warehouse it, transfer it, ship it, nothing. This takes up quite a bit of space in our 1250s.f. facility. However, we pay an astronomical amount of tax on these bottles that the OLCC doesn't have anything to do with. I will use last week's sales as an example. We had a great week for the first of February in the tasting room, with total retail sales of \$891.25. Monday morning, I had to send a check to OLCC in the amount of \$252.27 to cover taxes. That's roughly 28% in taxes on bottles that they didn't even know existed! Beer and wine don't share our pain. They pay next to nothing. An old friend of ours who had a winery said they didn't have to pay taxes because they produced less than 20,000 gallons a year.

Thank you for your time and consideration in reading my letter. I urge you to please pass SB 316.

Cheers,

Bryan and Brianne Toedtli
Drop Shop Distillery
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