## SB 316A    A three million dollar public subsidy for wine advertising?

Testimony for Ways & Means – Jody Wiser – 6.28.2017

At a time when Oregon is facing at $1.4 billion deficit, we should not permanently take money from state services to provide advertising for a thriving industry.

While we understand the desire of wine business owners to let the public pay for their advertising, we already have in place a mechanism to collect money from the industry for their own use.  If more money is desired, that tax could be raised or the base from which we collect wine taxes could be broadened rather than shifting business costs to the public.

Generally, when businesses want a combined strategy, they form a business group, pay dues and fund the campaign.  To fund the Wine Board, the state does the collecting for the industry.  The Oregon Liquor Control Commission collects a tax two cent per gallon tax to fund the Wine Board.[1]  **If the industry wants a permanent increase, <u>that tax</u> could be increased.**

**Alternatively**, the current definition of small wineries – those not subject to wine taxes -- is any winery with fewer than 100,000 gallons of production is exempt from paying any wine privilege tax on the first 40,000 gallons of production.[2]  This excludes from paying wine taxes all but 7% of Oregon's 700 wineries, along with smaller wineries from elsewhere. **Lowering the 40,000 gallons to 15,000 and 100,000 gallons to 30,000 to increase the percentage of Oregon wineries subject to wine taxes could provide a permanent solution, and still exclude 70 to 80% of Oregon wineries**.[3] This would increase the revenue not only for the Wine Board but also for the General Fund.

Any additional money sent to the Wine Board this year should be a one-time only allocation as in the -A4 amendment.

***We read the bills and follow the money***

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[1] *(4) In addition to the taxes imposed by subsections (2) and (3) of this section, a manufacturer or an importing distributor of wines shall be taxed at the rate of two cents per gallon. Notwithstanding any other provision of law, all moneys collected by the [Oregon Liquor Control] commission pursuant to this subsection shall be paid into the account established by the [Oregon Wine] board under ORS 182.470.*

[2] ***Small Winery Exemption*** *ORS 473.050(5) provides that no tax shall be levied, collected or imposed upon the first 40,000 gallons of wine sold annually in Oregon from a United States manufacturer of wine producing less than 100,000 gallons annually..*

[3] *According to the Oregon Winegrowers Association testimony for 6.28, 70% of Oregon wineries produce fewer than 11,890 gallons a year. And larger wineries would continue to get excused from paying Oregon's modest 69c/gal tax.*