Dear Legislators,

I am opposed to Senate Bill 111.

It appears that certain proposed amendments to SB 111 are intended to limit or otherwise discourage out-of-state winemakers from producing and marketing wines made from grapes grown in Oregon. The proposed amendments raise several serious issues, all of which could pose irreparable harm to Oregon wine grape growers:

1) Production of wine grapes in Oregon has increased dramatically over the last decade. Oregon growers now produce more fruit than can be processed solely by Oregon wineries. Due to the reputation for quality that Oregon grapes now enjoy, growers have been able to find out-of-state buyers for their fruit. The effect of this proposed amendment would be to restrict the market for Oregon fruit, posing a severe economic hardship on growers and the surrounding communities. The proposed amendment runs counter to any attempts to encourage new markets outside the state.

2) The proposal to require the wording "Vinified in (state)" could have significant unintended consequences. Drawing consumer's attention away the place of origin of the grapes, while placing added emphasis on the state where the wine was vinified, could give consumers the impression that where the grapes are grown is of much less importance than where the grapes are vinified. This notion would of course run counter to the importance that the Oregon wine industry has placed on the concept of "terrior", i.e, that high quality wines should reflect a sense of place (where the grapes are grown.) This proposal could actually do significant harm to Oregon's marketing efforts.

3) The proposed amendment could slow the market penetration of Oregon wines. Existing Oregon wineries do not have the capacity to process all the fruit currently grown in Oregon. Given the high cost of adding capacity, versus the excess wine-making capacity existing in some other states, it would seem to be advantageous to leverage the capacity that resides outside of Oregon to increase the global market presence of Oregon wines.

4) SB 111 proposes a tonnage tax on out-of-state purchasers of Oregon fruit, however, this tax is already Oregon law and many out-of-state producers already pay the tax. What is needed is not a new law, but tighter enforcement of existing state law.

5) While SB 111 proposes enforcement of True in Labeling", federal TTB regulations already enforce that Oregon laws regarding labeling (see attachment). Thus, this bill is unnecessary.

6) Wine-making and wine grape growing are separate, but closely related industries. Indeed, one cannot survive without the other. Both are key stakeholders in the Oregon wine industry. This bill, however, seems to benefit only a small subset of Oregon winemakers, while significantly harming Oregon growers.

Thank you for your time and consideration of this matter.

Best regards,
Dennis

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