OREGON
WINEGROWERS
ASSOCIATION

Please Support SB 111-4

Oregon Wine Tax Fairness & Labeling Enforcement Act

Help Protect Brand Oregon

The Oregon Winegrowers Association asks you to support SB 111, with the -4 amendments. This must pass legislation seeks to achieve three important policy objectives:

- **Tax Fairness** - Clarifies that out-of-state wineries with existing OLCC licenses and permits must fulfill the same grape tonnage tax payment as required for Oregon wineries. These tax payments fund the Oregon Wine Board which promotes and markets Oregon wines.

- **Enforce Oregon wine label laws** - Gives OLCC authority to enforce Oregon wine labeling, packaging, advertising and marketing rules since the federal government is not able to enforce wine labeling and content standards that are higher than federal standards, as is the case with Oregon. Gives OLCC ability to assess civil penalties and suspend or revoke permits/licenses based on severity of violations. OLCC's rulemaking will be a deliberative and public process.

- **Collaborate with other wine industry states** - Authorizes OLCC to sign reciprocal enforcement agreements with other wine-producing states to integrate and coordinate enforcement activities of mutual interest.

Now is an important time to protect Brand Oregon. It has taken us decades to create an Oregon wine industry based on exceptional quality. Our premium wines are known worldwide. Years ago, Oregon lawmakers created winemaking and labeling standards that exceed federal requirements. This has helped Oregon wines achieve the reputation for quality. Now is the time to ensure those outside of Oregon play by the same rules as Oregon wineries. We need the tools to enforce our tax and wine labeling laws. SB 111 is a necessary step in that direction.

Contact: Dan Jarman, 503-887-0284, danj@crosswaterstrategies.com

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Summary of Modified Version of SB 111 (-4 amendments)

Tax collection

- Clarifies that out-of-state wineries that hold existing OLCC licenses and permits (i.e.; Direct Shipper, Certificate of Approval, Self-Distribution) must remit the $25/ton winegrape tonnage tax and shall collect and remit the grower portion of the tax ($12.50/ton) to the OLCC. Winery may deduct $12.50/ton from payment to grower. Same requirements as Oregon wineries.
- Gives OLCC authority to relieve out-of-wineries from the producer portion of tax if located in shared AVAs and not using Oregon geographic designations.
- Provides a mechanism to bring all Oregon wine grape growers into compliance with current tax law regardless of which states their customers are in.
- Goes into effect on January 1, 2021.

OLCC Enforcement Authority

- Gives OLCC rulemaking authority to establish content standards for wine and for the use of an Oregon appellation of origin on wine labeling, packaging, advertising and marketing.
- Gives OLCC discretion to assess civil penalty not to exceed $25,000 per occurrence for labeling violations. Rulemaking required to set penalty schedule based on severity of violations, with potential larger fines for willful or intentional violations.
- Gives OLCC discretion to revoke a wine-related license, permit or certificate of approval for a period of time determined by the OLCC, for labeling violations.
- Requires the OLCC to report to the legislature by September 2022 on the effectiveness of tax collection and rule compliance with possible legislative recommendations for improvement.

Multi-State Reciprocity

- Allows OLCC, with advice and consent of Attorney General, to enter into reciprocal agreements with other states to enforce each of other laws regarding wine labeling, packaging, advertising and marketing, and the taxation of wine, wine grapes or other wine ingredients.

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