

From: [Erik Martin](#)
To: [Rep Kotek](#)
Cc: [LRO](#)
Subject: Request for Support of SB 1565
Date: Monday, February 17, 2020 12:31:24 PM

Dear Hon. Tina Kotek,

As your constituent, residing in the Woodlawn neighborhood of Northeast Portland and as Co-Founder of Aria Portland Dry Gin, a regional craft spirits brand produced in Northwest Portland, I am writing to you to ask for your support of **Senate Bill 1565**, sponsored by Senators, Beyer and Manning, and Representatives Noss and Gomberg.

Passage of **SB 1565** would represent a small investment from our state into Oregon's fledgling craft spirits industry. Currently the state of Oregon enjoys worldwide acclaim with its Wine and Beer industries, yet Oregon's Distillery industry is lagging. Over 90% of Oregon's distilleries are small businesses that are owner operated. Many of us run tasting rooms as an adjunct to our business operations as it is generally expected that those in our industry offer such an experience to our customers; however, the burdens of operating a tasting room are significant in so far as the fees that are paid to the state for the sale of each bottle sold through our tasting rooms. The cost of which are so high, that some distilleries are opting to close their tasting rooms altogether (as is the case for Eastside Distilling and Vinn Distillery). For those whose business model relies solely on the sales generated from the tasting room, some have found that the current model simply does not work and are closing their operations for good (as is the case of Cannon Beach Distillery, and Townsends Distillery), thus putting many hard working Oregonians out of work..

Recently, after seven years in operation, I came to the realization that running a tasting room in tandem with my manufacturing operations has been untenable. As it stands, I must remit a tax of 33% to the Oregon Liquor Control Commission (OLCC). This comes on top of the 50% cost of goods sold that I must pay to furnish the products sold in my tasting room - leaving a top line revenue of only 17%. With operating margins at this level, I recently had to lay off an employee and close the tasting room for two of the five days that we were open.

Senate Bill 1565 rectifies the problems with the current sales model imposed by OLCC. Under the current model a distillery tasting room may provide samples to prospective customers, and sell spirits by the bottle. The price of which is equal to the price as it would be in any other liquor store (a factor that we, as an industry, do not contest as we support Oregon's agency liquor stores). That said, the markup of 33% to the OLCC has been a significant burden that prevents us from competing with the large "out of state" and "big imports" who seem to have an endless marketing budget that makes it difficult for the local industry to compete, grow, and thrive. With this bill, the tax burden would be reduced to 5% of the bottle price - (a percentage that is more in line with Oregon's Beer and Wine Tax). This will allow us to refunnel our revenues into keeping our doors open and provide meaningful employment. With the passage of **SB 1565** I plan to hire three to four additional full time employees to assist in my tasting room operations and to help grow the business by conducting sales and marketing activities both inside and outside of our state.

As of today, **SB 1565** currently enjoys *bilateral support!* So far, thirtyfour (34) legislators from both Republican and Democratic parties have signed on as regular sponsors of this bill as it represents a true investment in Oregon's Craft Distillation Industry. To that end I would be honored to say that my own state representative can be counted among those who support this bill which ultimately supports Oregon's Distillation Industry.

A full synopsis of **SB 1565** can be found here:
<https://olis.leg.state.or.us/liz/2020R1/Measures/Overview/SB1565>

Thank you for your consideration. Feel free to contact me if you have any questions regarding our request for your support.

Cheers,

Erik L. Martin
Owner + Distiller
Martin Ryan Distilling Co.

t: 503.936.2951
erik@ariagin.com
www.AriaGin.com

