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Wine Institute Support for SB 406

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Wine Institute, representing 1,000 California wineries of all sizes, empathizes with the distress facing the Oregon wineries as COVID-19 restrictions and shutdowns continue. Wineries in California and throughout the Northwest have been hard hit by the closure of tasting rooms, loss of sales to on-premises licensees, wildfires and tariffs. Direct-to-consumer shipment has been a lifeline for wineries during the pandemic and safely allows Oregon consumers the ability to purchase the wine they want and have it delivered to their doorstep.

Wine Institute supports SB 406, increasing the direct-to-consumer wine shipping limit from two cases to five cases per month. Direct-to-consumer wine shipping has been legal and safely occurring to Oregon consumers since 1989. Originally, wine shipping was permitted only between states that offered a reciprocal privilege. Under these “free trade” laws, states typically limited the quantity of wine that could be shipped by a winery to a consumer at two cases per month. In 2005, The US Supreme Court ruled in Granholm that states couldn’t discriminate between in-state and out-of-state wineries in direct-to consumer wine shipment, putting in question the constitutionality of the reciprocal statutes. Soon after the Granholm decision, Wine Institute, in partnership with local winery associations, began to transition the thirteen reciprocal states, including California, Washington and Oregon, to permit systems. Under these new laws, the direct shipping privilege was open to wineries in all 50 states who obtained permits, provided more regulation, and the payment of taxes. Under these more regulated systems, the legislatures California and Washington chose to allow unlimited shipping while Oregon maintained the limit of two cases per month. We appreciate and support SB 406 proposed by the Oregon wineries to increase this limit to five cases per month.

Over the last 30 years, the way consumers purchase wine has changed, many join the wine clubs of their favorite producers. These clubs ship select wines on a regular basis but also often allow access to wines produced by the winery solely for club members. Many of these unique, limited offerings are available for short periods of time around spring and fall release. So, Oregon consumers looking to take advantage of these opportunities have been limited in the amount they can purchase from a winery per month. In addition, wineries won’t ship wine in the hot months of the year for fear that the wine will be damaged in the heat of transport, limiting the number of months shipping is available from warmer climates. Increasing the case limit from 2 to 5 per month will give Oregon wine lovers more options.

Thank you for considering Wine Institute’s testimony and ask that you vote in favor of SB 406.