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**House Committee on General Government
Testimony in Opposition to HB 3194-Cocktails in a Can
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Wine Institute is a public policy association representing 1,000 California wineries and associate members. The policy proposed in HB 3194 is a substantial diversion from the control state model that the Oregon Legislature mandated to promote responsible alcohol sales and service following the end of prohibition. This bill privatizes the sale of low-proof spirit beverages, permitting the sale of these distilled spirits products in off-premises licensees such as grocery and convenience stores. This is a huge expansion in the number of outlets that can sell a distilled spirits product. Wine Institute (WI) believes this policy change needs to be carefully studied by the Oregon Liquor Control Commission with input from various stakeholders, not simply the Northwest Grocers Association, before the Legislature considers such a critical policy shift.

HB 3194 defines “low-proof spirit beverage” as containing not more than 14% ABV to be taxed at \$0.65 cents per gallon. This follows the ABV limitation on table wine and the tax rate. (Table wine is also subject to an additional tax of 2 cents allocated to the Oregon Wine Board.) WI believes that applying comparable ABV limits and tax rates to these very different products, without clear justification, is not appropriate. Historically in the United States, the type of alcohol has been the basis for differing policies regarding production, distribution, retail sales, and taxes. Treating low-proof spirit beverages like wine would be a major shift in Oregon alcohol sales and tax policy.

There are many bills pending at state legislatures around the country aiming to move low-proof spirit beverages out of control state systems as well as bills to cap the ABV and lower the tax rate on these beverages in license states. In Washington, for example, some spirits producers and the Washington Spirits and Wine Distributors are supporting a bill that defines a low-proof spirit beverage to contain less than 7% ABV and tax them at \$0.99 per gallon. Why isn't this a more appropriate policy choice for Oregon?

For these reasons, Wine Institute urges you not to move this bill. Broader discussions regarding privatization of these distilled spirits products, including the appropriate ABV limit and tax treatment needs to occur before deciding to deviate from the control state model.