

Dear Members of the Joint Committee on Addiction and Community Safety Response,

Thank you for your representation and service in our state Capitol. Please allow this written testimony to be entered into the record.

I vehemently urge you to oppose House Bill 3197, which is before your committee, as it undoubtedly would cause far-reaching and irreparable harm not only to Oregon's wine consumers, but to Oregon's wine industry as well.

My business, Barrel 42 Custom Winecraft, is a premium custom crush winery operating in Oregon since 2014. Our parent company, Quady North Winery, has been a highly regarded producer of Oregon wines since 2007, priding itself on affordability and approachability. Barrel 42 produces high quality, award-winning wines on behalf of dozens of Oregon wineries of all sizes and styles. Most of Barrel 42's clients are very small producers, bottling only a few hundred cases per year. They rely on selling their wines via pop-up tasting rooms, local markets and e-commerce. In fact, most of my clients do not have a brick-and-mortar tasting room at all. Instead, they rely on their reputation and the quality of the wines to sell through alternative channels, with the ultimate goal of delivering a high-quality product to Oregonians at an affordable, approachable price. They intentionally keep overhead as low as possible to achieve this goal.

An 8% increase in the cost of Oregon wines would undoubtedly have a damaging impact on wine sales. Oregon wineries are already faced with a downward trend in consumption¹. Couple that burden with the highest average bottle price in the nation due to the high cost of production in our state², and it is clear that Oregon wineries will be at a further disadvantage.

It's not only Oregon wine consumers and producers to be burdened by HB 3197. There are many adjacent industries who rely on wineries for their own livelihood – there are grape growers, label and brochure printers, winery supply stores, local trucking lines, winery production and sales staff, chefs, food vendors, sanitation vendors, and local musicians, just to name a few. If this unprecedented tax proposed by HB 3197 passes, it will surely have a chilling effect on wine consumers that will adversely impact many other Oregon-based companies downstream.

¹ See "*Oregon wine sales dip after years of robust growth*," January 26, 2005, at Oregonlive.com. <https://www.oregonlive.com/business/2025/01/oregon-wine-sales-dip-after-years-of-robust-growth.html#:~:text=Oregon%20wine%20sales%20dropped%20in,one%20of%20Oregon's%20signature%20industries>.

² See "Observations on Oregon's Performance in 2020," at Oregon Wine Board via industry.oregonwine.org. <https://industry.oregonwine.org/wp-content/uploads/sites/2/2020-Nielsen-Report-for-Oregon-Wine-FINAL.pdf>

Oregon is home to nearly 900 wineries and many more vineyards and is one of the top five wine producing states. We contribute more than \$2.4 billion in wages and \$7.19 billion in economic activity for this state annually, including bringing 2.3 million tourist visits to Oregon. Yet because of challenging times, with inflation, supply chain issues, employee shortages, a pandemic, wildfires and fewer people drinking, we've lost more than 60 wineries in the past two years – a 5% reduction in 2024 alone.

Making world-class Oregon wines less affordable and approachable is regressive, would cause wine sales to decrease, and would bring harm that would be devastating for many. The far-reaching effects of HB 3197 may be unintentional but they are obvious: decreased consumption means less business for wine production facilities, less need for wine grapes to be grown, less opportunities for jobs and less options for consumers.

Please, do not advance HB 3197, which will only harm Oregonians and industries that contribute so much to our state's cherished identity, culture and economy.

Sincerely,

Nichole Schulte

Nichole Schulte
Owner & Winemaker, Barrel 42 *Custom Winecraft*
9800 Highway 238
Jacksonville, OR 97530

Signed April 1, 2025