

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

Thank you for your representation and service in our state Capitol. We fully understand that your roles are incredibly difficult and often thankless, with most of us participating solely when we are opposed to a measure you are considering. Please know that the below is sent with an intent to communicate the realities of our local wine industry and are stated with both gratitude and respect to all your respective offices.

With that being said, we highly urge you to oppose House Bill 3197, which is before your committee, as it would harm us as individuals, our business, and every other legal-drinking-aged Oregonian.

Our winery is located in the Dundee Hills AVA and has been around for ten years this year. We have a team of 12 full-time employees, and another approximately ten part-time employees depending on the season. We make a relatively small amount of wine at 3500 cases per year, are considered a "boutique" size winery, and sell our wine almost exclusively in the tasting room to visitors travelling through, or locals who are hoping to get a breath of fresh air and recharge in the Willamette Valley.

Each year, we are faced with rising costs in some way, shape, or form. Whether that is bottle costs, cork costs, barrel costs, labor costs, farming costs, shipping costs, and everything in between. The reality is that this industry operates on incredibly thin margins, and those margins are becoming thinner by the year.

Considering that there is no end in sight for our increasing costs across the board, a new, unprecedented 8% sales tax would spell disaster for a winery focused solely on in-person sales such as ours. An 8% increase in the cost of Oregon wine would have a decidedly catastrophic impact on our visitation, thus hurting our sales, making the thin margins we already operate within nigh-impossible.

Oregon is home to nearly 900 wineries 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.

Each month we see an announcement of a new, often family owned, winery selling to a larger conglomerate or simply closing their doors, which is heartbreaking to witness. Small wineries, family-owned wineries, are what built this wine industry from the ground up over decades of hard work. Seeing the small winery become more and more disadvantaged due to the aforementioned factors highlights just how damaging propositions like HB 3197 can be.

Please, don't advance HB 3197, which will only harm Oregonians and an industry that contributes so much to the state's identity, culture and economy. Those of us who work and live in this industry don't do it to become millionaires, we do it because it's what we love. It's more than just an industry to us, it's our community. It's our home.

Very Respectfully,

Drew Hildebrandt Director of Operations