



June 6th, 2023

HB 2976A

CREATING AN “OREGON SPIRITS BOARD”

HB 2976A establishes an Oregon Spirits Board to market and promote Oregon’s growing craft distilling industry outside the state. The board’s focus will be growing businesses and creating jobs, increasing national and international “Brand Oregon” visibility, and bringing tourism dollars to the state. The new Oregon Spirits Board would be modeled after the successful Oregon Wine Board, which has helped Oregon’s wine industry gain significant growth and worldwide recognition over the past two decades.

The operative date to set up the board is January 1, 2025. This gives the Oregon spirits industry time to have listening sessions throughout the state about the best way to organize and focus a board, work with the Governor’s office about a process for nominating proposed members and coordinate the startup of a board with the OLCC. The bill also requires the Oregon Spirits Board to produce a report to the legislature each biennium about the economic impact of industry, and its strategic efforts to market and promote the industry outside of Oregon.

The Oregon Spirits Board bill **passed the House Economic Development and Small Business Committee with a 11-0 vote**, and enjoys strong bi-partisan, bi-cameral support from legislators throughout the state.

Background

Oregon has a young but growing craft distilling industry. Today, there are nearly 100 producing distilleries in Oregon, up from just 14 in 2009. Most of Oregon’s distilleries are small businesses that are deeply integrated in their communities and are a part of the local culture. Many distillers produce fewer than 5,000 cases per year and have a strong desire to grow their sales outside the state.

Oregon distillers make a “craft” product, meaning they produce premium spirits at higher prices and cost, compared to most national brands.

The distilled spirits industry in Oregon currently supports approximately 19,000 jobs, from agriculture production to value-added manufacturing and transportation, to tasting rooms and hospitality. It is estimated the distilled spirits industry in Oregon has an annual economic impact of around \$2 billion for the state.

The Opportunity

For Oregon’s craft industry to grow and thrive, there is need to create more sales opportunities and distribution outside the state. This in turn will bring more visibility to Oregon’s craft spirits industry, and tourism to the state.

There is a national trend toward consumers buying artisanal “craft” alcohol products. People connect to stories and place. People want quality they can taste. Oregon distilled spirits deliver



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the kind of consumption experience consumers are looking for because of a variety of business decisions Oregon distillers make every day, but perhaps most importantly because so many distillers use premium ingredients produced by Oregon farmers. Now is the time to seize on the opportunity to promote this important industry on behalf of many business sectors in our state.

In the past few years, states like Maryland, Virginia and Michigan have likewise invested in programs and agencies to support their growing craft distilled spirits industries. However, the Oregon model would be unique with its mission centered on making Oregon craft spirits more competitive in an increasingly competitive global marketplace.

Oregon Spirits Board Structure

The Oregon Spirits Board would be an independent state agency overseen by a nine- member board appointed by Governor. Board members from the spirits industry would include:

- One member from each congressional district to ensure statewide representation
- One seat reserved each for larger and smaller distiller representatives
- One seat for individual with expertise in national and international distribution of distilled spirits

The Oregon Spirits Board will appoint and manage an executive director, set the strategic direction, and oversee the financial management of the agency. The executive director will hire and manage staff, with a focus on a team of professionals who have experience promoting value-added agricultural businesses in the craft alcohol space. The bill requires the OLCC director to review and approve the board's biennial budget in consultation with spirits board and its executive director.

Funding

The Oregon Spirits Board would be funded by making permanent a current 50-cent “temporary” per bottle surcharge collected on sales of Oregon distilled spirits. This temporary surcharge, with proceeds going to the General Fund, was put in place in 2009 by the OLCC, and has been extended every biennium since. The bill does not touch the current 50-cent temporary surcharge on spirits made by distillers outside of Oregon. Making permanent the Oregon distilled spirits surcharge is expected to raise around \$2 million annually to fund the important work of an Oregon Spirits Board.

The Oregon distilled spirits industry is represented by boot-strapping innovators who make a premium craft product from Oregon agriculture. This industry has great potential to grow “Brand Oregon” outside the state with comprehensive strategic marketing and promotion program. Following the successful wine board model, we expect to see a significant return on investment for the State of Oregon. This bill is about tourism promotion, job creation, increasing ag production and building on Oregon's reputation for producing high quality products and curating unparalleled experiences for residents of and visitors to the state.

The Oregon distilling industry asks you to support HB 2976A.