



Divine Distillers  
2195 Hyacinth St NE  
#109  
Salem, OR 97302

Chairman Byers and members of the Senate committee,

Thank you for the opportunity to provide testimony in favor of SB 1564.

My name is Jason Greenwood, owner and distiller for Divine Distillers in Salem, Oregon.

We will be starting production, hopefully in May, and are dependent on this legislation to be able to open our tasting room. As part of our business model we plan to re-invest in our local economy, and the better we do as a business the more money we spend in Oregon. All our ingredients are locally sourced from local farms and local businesses. As we grow, our farmers will see more revenue. We also are giving back part of our proceeds to the farm workers and the local community.

I would like to start with a few statistics and some information:

- 1) There are approximately 70 distilleries in Oregon
- 2) The average distillery sells about 65k worth of Spirits from its tasting room
- 3) This average includes the sales from several large distilleries which sell well over the 250k that would be the cap on this legislation
- 4) Of the approximately \$4.5 million tasting room revenue (65k \* 70) most (80-85% or \$3.8 million) of that money comes from the top 15 tasting rooms, and therefore would still be revenue that comes to the state.
- 5) A tasting room means
  - a. Jobs for Oregonians,
  - b. Advertising money spent on Brand Oregon
  - c. Investment in Oregon Infrastructure
  - d. Additional tourism revenue
  - e. More money invested in local communities
- 6) When a distillery pays the state OLCC fee they are paying for:
  - a. Distribution of product
  - b. Advertising/promotion of their product to end customers
  - c. Regulation and safety enforcement
- 7) Sales of a distillery's product at their tasting room saves the state:
  - a. Distribution costs to the end customer
  - b. Storage of that bottle in state warehouses
  - c. Opportunity cost of that space and distribution for other product
- 8) When a distiller pays the state for their product in their own tasting room they are
  - a. Paying for distribution and advertising of a product that they are not receiving
  - b. Paying essentially an excise tax on their product for no services

Having a cap of 250k ensures that OLCC still gets revenue that will help them pay for the regulation and other items that they take care of without producing an unnecessary burden on the individual small distillery.



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The passage of this bill will help everyone in Oregon. Currently most distilleries that have tasting rooms lose money on their tasting room, and therefore are not incentivized to have one.

Passing this bill would give small distilleries like mine a reason to spend money in Oregon, a reason to invest in our local economy, and a reason to advertise "Brand Oregon".

Divine Distillers, as a small distillery would welcome all liquor brands to come to Oregon and build tasting rooms and spend money in Oregon to grow our tourism industry. The larger our tasting room industry, the more jobs, and tourism Oregon has. As a state we are a nascent economy when it comes to tourism. Oregon has a huge potential to bring in tourism, and have a burgeoning economy in part based on tourism. Oregon's waterfalls, rivers and lakes far surpass the beauty of many other popular tourist destinations. Our wine industry rivals that of California, and our beer industry is the best in the country. We have a large craft distilling industry, which with incentives can greatly surpass the distilling industry in Kentucky and other well-known distilling states.

In Louisville, Kentucky for example the tours of their distilleries are constantly full, their tasting rooms are packed every hour they are open, and the state income from those distilleries and their tasting rooms far surpasses our revenues in Oregon.

I want to emphasize that the vast majority of tasting room sales are first time buyers, and if we promote distillery tasting rooms with this legislation, this will continue. Every new sale creates a potential Brand Oregon customer for life, which will mean more sales, and more revenue for the state.