



Oregon Wine Industry Strategic Issues Resolution

Assessment Report

Oregon Solutions | June 2020



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About Oregon Solutions

Oregon Solutions came into being with the passage of the Oregon Sustainability Act in 2001. It is the state of Oregon's designated program to help communities address challenging community-based problems and opportunities through collaborative approaches. We do this by creating a neutral forum where businesses, governments, nonprofits, community-based organizations, sovereigns, and other stakeholders can come together to align resources and pool efforts to achieve desired results using collaboration.

Oregon Solutions' engagement starts with an *assessment*. When invited, Oregon Solutions begins an assessment to explore whether and how a collaborative approach might be structured to address a particular community issue. The assessment is composed of a series of one-on-one or small group interviews. If an assessment finds there is a project that can benefit from an Oregon Solutions engagement, it will go to the governor for consideration of a designation as an Oregon Solutions project.

Oregon Solutions is housed at the National Policy Consensus Center in the Mark O. Hatfield School of Government at Portland State University.

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INTRODUCTION

In September 2019, Oregon Solutions was contacted by representatives of key Oregon-based wine associations interested in tools and approaches to resolve industry-wide tensions, and interested in options to explore governing approaches for industry groups. Oregon Solutions was later contacted by the Oregon Liquor Control Commission (OLCC) with a similar request. This request came in the wake of a contentious legislative session, where some members of the industry sought legislation to protect the industry from perceived out-of-state threats. But the effort to protect the industry exposed broader challenges associated with rapid growth, increasing popularity of Oregon wines, and evolution of the industry.

In recent years, Oregon's wines have been lauded for their quality. Last year, "five Oregon wines... made the *Wine Spectator* magazine's widely followed list of the top 100 wines of the year." And the interest in grapes grown in Oregon has increased enough that in the "last decade alone, a host of wineries, vineyards, and feral land have been acquired by brands from our neighbors to the south." That is, California.

This popularity has exposed a related concern: out-of-state efforts to misbrand and mislabel wines as originating in specific regions of Oregon. The primary varietal targeted for this mislabeling has been Willamette Valley pinot noir. The OLCC recently took action in one such case against Copper Cane Wines and Provisions, a California winery that purchased grapes grown in Oregon but made wine in facilities in California.¹ To be clear, it is not only common for grapes grown in one state to be bottled in another state, it is also legal. State and federal regulations also allow wineries to reference on their labels the state where grapes are grown as the appellation of origin.² At issue in this case was this winery's use of "specific AVAs [American viticulture areas] like the Willamette, Rogue or Umpqua Valleys,"³ on their labels. "Direct or indirect references to specific AVAs...[is]...forbidden,"⁴ unlike a broader geographic reference, such as a state.

In response, several bills were introduced during the 2019 legislative session to raise standards for blends of Oregon wines (specifically for the Willamette Valley), to apply conjunctive labeling, to tighten other labeling rules, and to make it easier to collect taxes from out-of-state wineries that buy Oregon grapes. The purpose was to protect Oregon's Willamette Valley pinot noir, and to ensure the majority of its production remained in Oregon and under Oregon rules.

But several members of the Oregon industry did not agree that an effort to protect Willamette Valley pinot noir was the industry's top issue. For many, bills that served to protect one varietal and region at the expense of others, while doing nothing to resolve other issues jeopardizing the industry—taxation, governance, inclusion, branding, marketing, and conflicts of interest—were not appropriate.

Even though this episode exposed internal tensions in what has been described as a congenial industry, it affirmed that there is widespread interest in exploring needs and challenges, addressing areas of conflict, and finding ways to protect and strengthen the Oregon brand. This assessment

¹ As of February 2020, the OLCC has not completed actions against Copper Cane Wines and Provisions: <https://www.oregonlive.com/wine/2020/02/the-curious-case-of-the-olccs-labeling-battle-with-californias-copper-cane-wines.html>

² Available online at https://www.oregonlive.com/wine/2018/11/post_3.html

³ Ibid.

⁴ Ibid.

report flows from that interest, and seeks to determine whether and how an Oregon Solutions-like process could be a resource in helping the industry work collaboratively to address these issues.

METHODS

This assessment report is the product of interviews Oregon Solutions conducted with parties and stakeholders representing key interests related to resolution of strategic issues in Oregon's wine industry. Between January and February 2020, Oregon Solutions interviewed twenty individuals from eleven associations that represent statewide and regional perspectives on the Oregon wine industry.

Oregon Solutions made every effort to reach out to stakeholders who had been identified as having an interest or role in the events that led up to the request for this assessment. A goal of assessment interviews is to have all interested parties feel their perspectives and interests were represented by those interviewed. A list of those interviewed and their affiliations can be found in appendix B.

All interviews were held by phone. Before each interview, individuals were briefed about the purpose of the assessment. Interviews were voluntary and lasted approximately one hour. Interviewees were informed that the final report would aggregate responses into key issues without individual attribution.

BACKGROUND

The Oregon wine industry is represented by three primary groups and nineteen American viticulture areas:

- *The Oregon Winegrowers Association*, formed in 1969, was established as the industry's trade association. Its mission is to "[advance and protect] the investments of its members [and to speak] on behalf of Oregon's vineyards and wineries to decision makers...to ensure the community's continued success."⁵ The Oregon Winegrowers Association receives funding from membership dues. Reportedly, the association membership has primarily included small Oregon growers and wineries. Membership dues are structured to scale, meaning that larger growers or producers pay higher dues. It was also reported that approximately 70 percent of its members are from the Willamette Valley.
- *The Oregon Wine Board* was established in 2003 as a semi-independent state agency. It is responsible for "managing marketing, research, and education initiatives that support and advance the Oregon wine and wine grape industry."⁶ The Oregon Wine Board receives funding from a privilege tax collected from growers and producers doing business in Oregon, so everyone in the industry is technically represented by the board. The board consists of nine members appointed by the Oregon Governor.
- *The Oregon Wine Council* was established in 2019 and "represents growers, producers, and businesses supporting the wine industry and is focused on uniting the wine industry and speaking with one voice." According to their website, the council "was formed from the coalition who defended the wine industry from anti-competitive wine legislation during the 2019 Oregon

⁵ Available online at:

<https://www.oregonwinegrowers.org/page/AboutOWA#:~:text=The%20Oregon%20Winegrowers%20Association%20advances,growing%20and%20wine%20production%20community.>

⁶ Available online at: <https://industry.oregonwine.org/about-the-oregon-wine-board/>.

Legislature.”⁷ The Oregon Wine Council recently formed a 501(c)(6), and their intention is “to protect, strengthen, unify, and represent the entire Oregon wine and grape industry through strong leadership for the benefit of current and future Oregon winegrowers.”⁸

- Oregon’s nineteen American viticulture areas are federally designated appellations that denote a special or unique wine-growing region. Some, but not all, are represented by a trade association. Over two-thirds of Oregon’s vineyard acres are in the Willamette Valley.

FINDINGS

The following section details our findings from assessment interviews that informed the process recommendations. The assessment team asked interviewees what they saw as the major issues and perceived challenges that need to be addressed, including substantive, process, and procedural concerns. Interviewees were also asked how to overcome perceived challenges, and what would be an acceptable path forward. Interview questions can be found in appendix C.

The time to take stock is now

There is overall agreement among interviewees that now is the time to take stock of current industry needs and aspirations of the Oregon wine community. Interviewees told us there is a shared desire to determine how to come together in order to evolve current structures and policies that support the industry. Most interviewees expressed appreciation for the opportunity to speak to an outside party and hope that, with some assistance, they could rebuild trust and unity of the industry before the next legislative session. Industry members’ positive attitudes toward one another will serve them well and should bolster their ability to weather challenging conversations.

Defining the Oregon brand

Interviews revealed no agreed-upon definition of Oregon’s brand for the wine industry, and there is no unified agreement regarding the need for a single state wine brand. For some interviewees, the Willamette Valley brand of pinot noir—more than any other grape—defines Oregon’s wine industry to the world. Consequently, several interviewees said pinot noir needs particular protection because it is widely seen as the premier Oregon wine. But other interviewees felt a broader definition of Oregon’s brand was needed and that it should include other varietals, other regions, and different business models. Some interviewees even wondered whether the Oregon wine industry should individualize the marketing of regions and varietals as opposed to having a unified Oregon brand. These interviewees felt that everyone in the industry is contributing to the state’s overall success, and the branding strategy should take that into account.

Strategy for managing Oregon’s popularity in the national marketplace

Oregon represents around 1 percent of the domestic market, but growth is on the rise.⁹ Oregon showed a 12.4 percent increase in wine sales in 2019 compared to the previous year, while United States wine sales overall grew 0.5 percent. Oregon is also recognized for quality and reliability. This rapid growth in popularity has created a new range of challenges from a greater number of external market forces during what one interviewee described as Oregon’s “awkward teen years” as an industry.

⁷ Available online at: <https://www.oregonwinecouncil.org/about-us>.

⁸ Ibid.

⁹ Oregon Wine Board 2018–2019 Annual Report: <https://industry.oregonwine.org/wp-content/uploads/OWB-Annual-Report-2018-19-FINAL.pdf>

Interviewees were mixed in their opinions about this situation. For example, California's increasing presence in Oregon's wine industry creates a complicated dynamic. Businesses in Oregon and California that grow and sell grapes for production benefit from markets seeking grapes. But other interviewees are concerned about false labeling practices and the potential for weakening the Oregon brand. These individuals want to protect the high quality and standards of Oregon pinot noir and felt that outside interests pose a threat. Still other interviewees felt that imposing more stringent labeling standards without consideration of the needs of other American viticulture area's or particular business models would create serious barriers. These interviewees noted that many in the Oregon industry rely on out-of-state purchasers or non-Willamette Valley American viticulture areas to thrive.

Need for cross-industry education on unique business pressures

Oregon's wine industry has several business models within the industry that are well understood by the industry. Here is a sample for illustration:

- Some grow and bottle their own grapes on small and large farms alike.
- Others grow some or most of their grapes and purchase grapes to augment their crops, while bottling and using their own label.
- Others simply grow grapes for resale both in Oregon and to other out-of-state markets.

These business models are well known, and there is an interest in maintaining flexibility and independence around economic models. What is less understood is how discrete issues impact business models in different regions. Challenges related to workforce, taxation, market access, quality control, labeling standards, brand protection, and competitive barriers are not well understood among respective state industry players. Interviews revealed that there is strong interest in cross-industry education.

Labeling standards

Some interviewees expressed concern that there could be efforts to reduce the Willamette Valley wine label standard to the existing federal standard for blends (see appendix D.) These interviewees are concerned that outside forces could try to manipulate the state's process, which could erode the Willamette Valley brand in the global marketplace. This concern was fed by the Copper Cane Wines and Provisions incident. The OLCC claimed Copper Cane Wines and Provisions "used 'false or misleading' advertising when it used packaging for four wines 'that stated that the grapes were from the Oregon Coast or a coastal area in Oregon when there are no grape-producing areas on the Oregon Coast.'" Subsequently, many Oregon-based winemakers advocated for creating stricter standards for the Willamette Valley American viticulture area and elevating the OLCC's ability to enforce standards with out-of-state producers.

But other interviewees argued that there were unintended consequences of a change to labeling standards without full understanding of the varied practices used by Oregon-based grape growers and winemakers. Several interviewees said that without a robust conversation to learn about regional impacts, one-off solutions would negatively impact businesses outside the Willamette Valley. Pinot grapes grown in the Rogue Valley or elsewhere might no longer meet the purity standard, and therefore might not remain viable to sell out of state or even to other Willamette Valley producers of pinot purchasing from outside the valley. It was suggested that this could have a devastating economic impact on some growers, particularly small growers and wineries that focus on pinot noir.

Association roles, representation, and advocacy

Interviews revealed that the industry is struggling to retain a unified voice in policy-setting arenas. There is underlying confusion about who represents and speaks on behalf of the Oregon wine industry. There is also confusion about how existing entities interface with one another. Many interviewees want help with how to inform policy and regulations that guide the industry, and they want clarity around the roles and relationships of the various entities that speak on behalf of the Oregon industry.

Many interviewees were expressly concerned that two long-standing groups—the Oregon Winegrowers Association and the Oregon Wine Board—were too intertwined. Some suggested that the mirror makeup of these boards was a vestige of the industry having once been much smaller with fewer people who had time for or interest in serving these statewide efforts. Some interviewees also felt that Oregon Winegrowers Association primarily worked to have its members serve on the Oregon Wine Board, which excluded large growers. Everyone agreed on the need to cleanly separate the two boards. In response, the Oregon Winegrowers Association and the Oregon Wine Board took action to separate staff and offices that had previously been shared. The Oregon Winegrowers Association has created an ad hoc committee to look at bylaw changes and other remedies to fix the imbalance of representation by examining board make-up and nomination processes.

The Oregon Winegrowers Association is also wrestling with its current practice of representing all of the Oregon wine industry versus representing only its dues-paying members. This issue was exacerbated during the 2019 legislative session. Interviewees mostly said that the Oregon Winegrowers Association had traditionally done a good job with legislative policy over the years, advocating for the health of the whole wine industry. It wasn't until its involvement in the 2019 legislative session that concerns were raised about its endorsements of several bills. This action created a divide, even among Oregon Winegrowers Association members. Even so, some interviewees feel strongly that only dues paying members should be represented by the Oregon Winegrowers Association. Moving forward, many interviewees said the association staff and board should work harder to gather input prior to endorsing bills that impact the industry.

It has been widely reported that the Oregon Wine Council was recently created in reaction to industry members who felt their interests were not considered by the Oregon Winegrowers Association during the 2019 legislative session. In response to what they felt was legislation that could harm their business model, they worked to defeat wine-related bills in that session. While most acknowledged the need to form the Oregon Wine Council and understood the need to express the full voice of Oregon, some interviewees said there was a lack of clarity about the long-term role for this organization. Some interviewees wondered if the council aims to “usurp the Oregon Winegrowers Association,” while others wondered if it could be a “think tank or advisor to Oregon Winegrowers Association looking down the road at...big issues facing the industry.”

Adding to this mix is the Willamette Valley Wineries Association, a well-funded and active trade association whose mission is “to promote, preserve, and advance the prestige of Oregon’s Willamette Valley AVA and its wines through the support of our members, community, and environment.” The association was described by some interviewees as a “legislative arm” of the industry. One interviewee said, “We have been forced to get a public policy lobbyist ready to protect us because of the ‘factioned’ entities now in place.”

How taxes are collected and spent

Issues of taxation came up several times during interviews. Interviewees noted that the current tax structure in Oregon exempts smaller wineries (under 40,000 gallons of wine) from a privilege tax, although these wineries still pay a grape tax of \$25 per ton split between growers and producers. Some interviewees said large producers feel that smaller producers are receiving more benefits from the system (e.g., greater representation or marketing benefits) than is proportional to their contribution. A question was also raised about the importance of ensuring that taxes are collected from businesses outside of Oregon who are licensed in Oregon. Finally, interviewees expressed a desire to engage in a statewide conversation about how taxes are collected and spent, and how this impacts wine businesses.

Interviewees closely linked taxation to governance. Because several interviewees believe the Oregon Winegrowers Association worked to appoint its members to the Oregon Wine Board, they felt leaders excluded large growers from policy and marketing discussions. This perception set up a dynamic of “taxation without representation” for many in the wine industry.

Desire to build unity through better communication

Many interviewees said that the way “things went down” during the 2019 legislative session created a schism well beyond what was intended by any single party. One interviewee summed up much of what assessments revealed by noting “the main issue was that one group got running without the others.” Several interviewees felt they were not informed or listened to and had no pathway to offer perspectives about unintended consequences of the proposed legislation. Other interviewees said that those who were working to promote labeling standards and enforcement proposals felt misunderstood. They had been working with others for some time to develop the concepts and believed they were doing the right thing to protect Oregon’s brand.

Most said a process needs to be established for managing through areas of friction as the industry continues to grow and evolve, and that improving communication in the near-term is critical to avoiding a repeat of how things played out in 2019. More often than not, interviewees reported that there is a positive esprit de corps within the industry, and they consistently reported that members want to “level set” with one another to rebuild the unity that has traditionally existed. To get there, many interviewees want an open dialogue on how to understand and learn from recent struggles.

PROCESS RECOMMENDATIONS

Oregon's wine industry is thriving, and continues to grow and become more relevant in the market. It has been called Oregon's "relentless good news story" by US Senator Ron Wyden, reflecting the views of many lawmakers, journalists, and Oregonians. It is also well regarded for having a positive mark on Oregon's agricultural, cultural, and economic landscape.

During this critical reflection point, interviews revealed that the industry is challenged by growing pains. Industry members want to take stock, reset priorities, and update Oregon's brand, and they want to work together to define a shared future. They see that their strength is their unity, and they are interested in a process that will allow them to work through their complex challenges together. They may also need to find closure and rebuild trust in order to move forward constructively.

The assessment revealed that there are several possible areas where the industry could benefit from a facilitated conversation or process. Interviews also revealed that the industry hopes to work through as many identified issues as possible before the 2021 legislative session.

First recommendation—combining efforts

Since the start of the assessment process, several organizations have already begun to take steps in response to address some of the issues found in the assessment. Oregon Solutions' first process recommendation is to determine how any future collaborative effort would complement the current activities already underway by these organizations. Current efforts include the following:

- The OLCC is in the process of convening a rules advisory committee to guide rulemaking on conjunctive labeling, per SB 829 (2019).
- Boards of the Oregon Winegrowers Association and the Oregon Wine Board have initiated a separation that is meant to create clear lines between the two entities: one to do policy advocacy work (Oregon Winegrowers Association), and the other to focus on marketing, education, and research (Oregon Wine Board).
- The Oregon Winegrowers Association is rewriting its bylaws with a primary focus on board representation and nominations through an ad hoc committee co-led by Oregon Winegrowers Association and members of Oregon Wine Council. The group hopes to develop a draft of bylaws to vet with the broader industry community this spring, as well as ratify and set new board elections by July 2020.
- The Oregon Wine Board is conducting a strategic planning effort that began with listening sessions in late 2019, with additional follow-up at the Oregon Winegrowers Association annual symposium where they rolled out high level strategic direction. The focus is on marketing, public relations, scientific research, and education for industry and sales channels. The board intends to continue this effort in 2020.
- The Oregon Wine Council established itself formally as a 501(c)(6) from a coalition formed during the 2019 legislative session.
- There may be additional actions being taken by the industry in response to COVID-19 that also should be considered.

Oregon Solutions next step—meet with industry team

Before publishing a final recommendation on a collaborative process, Oregon Solutions recommended a meeting between Oregon Solutions, OLCC, and industry leaders to check in on the progress of concurrent activities in order to determine any outstanding issues that would benefit from additional collaborative efforts.

Oregon Solutions believed that the structural and coordination actions listed above demonstrated progress in the right direction. However it was unclear to the assessment team whether these actions were perceived to be sufficiently addressing industry issues. Some interviewees reported that help with industry-wide coordination going into the 2021 legislative session and beyond was still needed and would be a good area for Oregon Solutions involvement. Others suggested allowing the Oregon Winegrowers Association to complete its bylaws revisions, and then determining what, if any, effort would benefit from Oregon Solutions support.

Note: Given the COVID-19 pandemic, Oregon Solutions acknowledges that many new and unexpected dynamics may be at play for the industry today. Interviewees may not have had a chance to speak to these dynamics during the interview process. It is assumed that Oregon Solutions recommendations and any follow up discussion or action will take into account new realities existing for the industry.

Follow-up meeting

Oregon Solutions and OLCC held that recommended meeting with industry leaders on May 27, 2020, to review and discuss the assessment findings and the items listed below.

First, are current association actions giving the industry needed *closure*?

- Did they/are they getting it right?
- What did you need to move forward?
- Is neutral facilitation needed?

Second, are the current actions to remake *organizational structures* sufficient?

- Is there need for further clarification of roles and representation?
- Is it comprehensive enough?
- What else needs to be done?

Third, given the multitude of issues identified in assessment findings (and from the impacts of COVID-19), are there outstanding *shared priorities* that would benefit from collaborative work prior to the 2021 legislation session?

- What are they?
- Is this an area for shared work that could benefit from a collaborative project?
- Would learning sessions be beneficial for the industry?

Fourth, are there statewide issues or topics that would benefit from a broader convening of industry interests?

- What are the topics?
- What would be good timing or sequence for these conversations?
- Are there existing forums that could be used to engage a broad network?

No changes to assessment findings were suggested at that meeting. The industry group agreed to take a next step and proceed with a series of facilitated meetings with support from Oregon Solutions. A small group of industry leaders will work with Oregon Solutions to develop the scope of work for the facilitated meetings based in part on Oregon Solutions recommendations and

further industry input. Oregon Solutions will vet this approach with the full group before proceeding.

APPENDIX A: 2019 INDUSTRY-RELATED LEGISLATIVE BILLS

Senate Bills 830 and 831, which would gradually raise both standards to 100 percent in the Willamette Valley American viticulture area, sought to protect the purity of Willamette Valley wines that are experiencing a golden age of recognition and esteem in the marketplace along with an uptick in competition. Currently, Oregon's purity labeling standards are higher than the federal standard. In Oregon, a wine must contain 95 percent of a single varietal or contain grapes from a particular American viticulture area to be respectively labeled, for example, pinot noir or Willamette Valley pinot noir. California, one of Oregon's primary export and investment sources, as well as competitors, uses the federal purity standard for labeling, which is 85 percent. It was reported that in 2018, for the first time, a pinot noir made outside Oregon was named the number one best seller "Oregon pinot noir" on the market. Also, 2019 saw a highly publicized dispute with Copper Cane Wines and Provisions, based in Rutherford, California, which was accused in 2018 of deceptively referencing Oregon American viticulture areas on labels for two brands of pinot noir and rosé. (The OLCC has since revoked the company's permit to do business in Oregon.) Transparency in labeling was a stated goal as well as finding equity for businesses in Oregon to compete with those outside given the difference between Oregon and federal standards. These bills did not pass.

SB 831, which received no opposition from industry, requires conjunctive labeling standards for American viticulture sub-areas in the Willamette Valley. The bill passed and will receive more guidance through a rules advisory committee being formed by the OLCC.

SB 111 attempted to integrate a review of labeling standards as well as provide authority to the OLCC for enforcing standards with out-of-state businesses. It included language regarding enforcement of the labeling standard, with maximum penalties to out-of-state producers who are found in violation ranging from \$5,000 to \$25,000. The motivation behind this proposal was expressed as an issue of fairness about truth and standards in labeling of Oregon wines, and for some, it would be a "disservice to us in Oregon producing wine under Oregon regulations if others are not following the same rules." A fear expressed against this bill was that it created confusion and uncertainty for businesses, and a more stringent standard and penalty would create barriers for businesses selling pinot grapes (to producers within Oregon and outside, primarily in California), essentially driving business away. More than one interviewee expressed that the livelihood of their business could be severely impacted by changes in the standard. One interviewee suggested that, had this bill not been brought forward, no other bills would have been in jeopardy. SB 111 did not pass.

SB 112 was a "gut-and-stuff" from the failed SB 111 and had a narrower focus aimed at taxes, primarily targeting collection from out-of-state producers who are licensed to do business in Oregon. The bill sought to strengthen the OLCC's ability to directly collect the grape tax from out-of-state producers. By one estimation, a change could assist the OLCC in collecting about \$400,000 in taxes per year from out-of-state players. As a standalone, the issue was non-controversial and the bill passed.

APPENDIX B: ASSESSMENT INTERVIEWEES

- David Adelsheim, Founder and Director at Adelsheim Vineyard, Willamette Valley Wineries Association Member
- Ross Allen, President of Rogue Valley Vintners
- Terry Brandborg, Board President of Yamhill Valley Winegrowers Association, Oregon Winegrowers Association Nomination and Engagement Committee Member
- Kevin Chambers, President of Oregon Winegrowers Association
- Tom Danowski, President and CEO of Oregon Wine Board
- Denise Flora, Dundee Hills Winegrowers Association
- Ken Johnston, Co-Chair of Oregon Wine Council
- Justin King, Board Member and Public Policy Committee Member of Oregon Winegrowers Association and Board Member of Oregon Wine Board
- Casey McClellan, Walla Walla Wine Alliance Member and Member of the Lunr and Nominating Committees for Oregon Winegrowers Association
- Jana McKamey, Executive Director of Oregon Winegrowers Association
- Mike McNally, Board Member of Willamette Valley Wineries Association, Engagement Committee Member for Oregon Winegrowers Association
- Elin Miller, Co-Chair of Oregon Wine Council
- Laurent Montalieu, Board Member of Oregon Wine Council
- Bob Morus, Treasurer of Oregon Winegrowers Association and Board Chair of Oregon Wine Board
- Brian O'Donnell, Yamhill-Carlton Winegrowers Association
- John Pratt, President of Rogue Valley Winegrowers Association, Executive Committee and Engagement Committee Member of Oregon Winegrowers Association, Research Committee Member of Oregon Wine Board
- Corby Stonebraker-Soles, Chehalem Mountain Winegrowers Association
- Sam Tannahill, Board Member of Oregon Wine Council
- Rob Wallace, Board Member of Oregon Wine Council
- Ken Wright, Board Member of Willamette Valley Wineries Association (2019)

APPENDIX C: CORE ASSESSMENT INTERVIEW QUESTIONS

- 1) Overall, how would you describe the current state of the Oregon wine industry? What do you think have been factors that contributed to this?
- 2) The pre-assessment forms indicated the following topics could be ripe for members of the industry to work together to address. What are your thoughts about these issues (what would you add or how would you change the way these issues are framed?)
 - a) Dealing with rapidly changing/growth in the industry
 - b) Communication across entities
 - c) Protecting the brand
 - d) Healing tensions/repairing relationships
- 3) What would success look like? How might you suggest moving this forward/good place to start, and why?
- 4) What information do you think would be helpful to support you/the group in addressing the above topics?
- 5) Who else should be involved in the discussions?
- 6) Would you be willing to participate in a collaborative process to try to work through some or all of the above topics? Do you have the authority to act on behalf of your entity?
- 7) What if any guidelines or sideboards are needed to create an environment that would be important for this group to do its work together?
- 8) Anything else you would like to offer at this time?

APPENDIX D: BACKGROUND ABOUT THE OREGON WINE INDUSTRY

Oregon wine in the marketplace

The modern Oregon wine industry dates back to 1961 when Richard Sommer planted the first post-Prohibition vineyard on an old turkey farm west of Roseburg in the Umpqua Valley. For approximately five decades, the industry has maintained a mostly positive reputation and is largely seen as an Oregon success story. It has become economically, regionally, and biologically diverse; and it has developed several business models from winemakers to grape growing, and brokering to marketing. The industry has also worked to innovate in a changing environment in order to meet global market demands.

What originally brought Oregon wines notice in the international market place is pinot noir—a varietal most often associated with the Willamette Valley. It has been described as the economic engine of the Oregon wine industry, which today is more diverse, with a growing network of regional, varietal, and business models all contributing to the success and identity of an Oregon brand.

Oregon remains a small percentage of the overall domestic wine market—just one percent of wine produced in the United States comes from Oregon. However, the Oregon wine industry has recently experienced tremendous growth:¹⁰

- The Oregon wine industry had record levels of grape acreage, wine production and a 12 percent increase in Oregon wine sales across the United States;
- Twenty-four wineries were added to a total of 793 across the state, the biggest regional growth happening in the South Willamette Valley; and,
- Total planted acreage increased by nearly 6 percent with the highest growth rate in the Umpqua and Rogue Valley American viticulture areas.

Labeling standards

The US Alcohol and Tobacco Tax and Trade Bureau defines the purpose of labeling standards in the following way:

“TTB’s regulations exist to prevent the deception of the consumer and provide them with ‘adequate information’ as to the identity and quality of the product, to prohibit false or misleading statements, and to provide information as to the alcohol content of the product.”

In the United States, the federal government has set a floor at 85 percent per bottle that states can use as their standards for a single variety purity standard. But some states, such as Oregon, have set there single variety purity standard higher. The last time the Oregon industry negotiated a change in labeling standards was in 2007, when it lowered its single variety purity standard from 100 percent to 90 percent. Oregon also holds a 95 percent standard for American viticulture area purity.

¹⁰Oregon Wine Board 2018–2019 Annual Report: <https://industry.oregonwine.org/wp-content/uploads/OWB-Annual-Report-2018-19-FINAL.pdf>