

HOUSE COMMITTEE ON COMMERCE SUBCOMMITTEE ON BUSINESS

March 8, 1993 Hearing Room 50 8:30 a.m. Tapes 50 - 53

MEMBERS PRESENT: Rep. Bob Repine, Chair Rep. Hedy Rijken, Vice-Chair
Rep. Lisa Naito Rep. Liz VanLeeuwen Rep. Cynthia Wooten

STAFF PRESENT: Janet McComb, Committee Administrator Debbie
Schieno, Committee Clerk

MEASURES CONSIDERED: HB 2821 - Public Hearing/Possible Work
Session HB 2603 - Public Hearing HB 2690 - Public Hearing

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

TAPE 50, SIDE A

002 CHAIR REPINE: Calls the meeting to order at 8:35 a.m.

PUBLIC HEARING ON HB 2821

016 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the bill
and the proposed amendments to the bill (EXHIBITS A and B).

033 PAUL DONHEFFNER, DIRECTOR, OREGON MARINE BOARD: Supports the
bill and the proposed HB 2821-1 amendments.

WORK SESSION ON HB 2821

058 MOTION: REP. RIJKEN moves the HB 2821-1 amendments.

VOTE: Hearing no objection, the motion carries.

MOTION: REP. VanLEEUVEN moves HB 2821, as amended, to the full Commerce
Committee and the referral to the Ways and Means Committee be rescinded.

VOTE: Hearing no objection, the motion carries.

REP. RIJKEN will lead the discussion in the full Commerce Committee.

PUBLIC HEARING ON HB 2603

095 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines Preliminary
Staff Measure Summary (EXHIBIT C).

115 KURT WIDMER, GREAT OREGON BREWER'S ASSOCIATION AND WIDMER BREWING
CO.: Submits and reviews testimony in favor of HB 2603 (EXHIBIT D)
and

outlines proposed amendments (EXHIBIT E).

151 REP. NAITO: What is the rational for having a limit on the number of barrels?

MR. WIDMER: There was a concern that a large brewery could dominate the marketplace. Breweries are restricted to retail establishments on the premises only.

172 PAUL ROMAIN, OREGON BEER AND WINE DISTRIBUTOR'S ASSOCIATION: Most states still prohibit the concept of a brew pub . -Breweries can brew/wholesale their own product, but not maintain a full tavern. -Brew pubs can operate a tavern, but not wholesale their own product other than to their own establishments.

204 REP. TOM MASON, DISTRICT 11: Testifies in support of HB 2603 and the history HB 2603.

239 CHAIR REPINE: What is the volume being produced today?

MR. WIDMER: 1992 produced 27,500 barrels.

289 MR. ROMAIN: 70,000 to 75,000 barrels were brewed by the microbrewing industry in the state of Oregon. This is approximately 3 1/2 % of the

total beer market in the state.

326 REP. VanLEEUEWEN: What is the difference in 4% alcohol by weight, 8% alcohol by volume and 21% alcohol by weight on line 16 of the bill?

MR. ROMAIN: 4% by weight is the standard in Oregon. 21% refers to wine sold at the brew pubs.

MR. WIDMER: 4% by weight would be 5% by volume.

TAPE 51, SIDE A

039 DARLEENE MEYER, OREGON LIQUOR CONTROL COMMISSION: The Commission has taken a neutral position on the original bill. -There is no fiscal

impact.

PUBLIC HEARING ON HB 2690

089 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines Preliminary Staff Measure Summary (EXHIBIT F). 116 PAUL ROMAIN, OREGON BEER AND WINE DISTRIBUTOR'S ASSOCIATION: Introduces Ray Lakey, Bend, Oregon and Kurt Widmer, Widmer Brewing Company. -Submits and reviews testimony in favor of HB 2690 (EXHIBIT G). -Speaks to proposed amendments (EXHIBIT H).

372 RAY LAKEY, BEND, OREGON: Testifies in favor of HB 2690 and his experience as a distributor.

TAPE 50, SIDE B

001 MR. LAKEY: Continues testimony.

169 KURT WIDMER, WIDMER BREWING COMPANY: Explains problems they have had with the franchise law. -Speaks to the proposed amendments.

253 REP. NAITO: Other than Gallo, are there any other wine producer's who have as much power?

MR. LAKEY: All major brands are important. Wants protection on the investment for both parties.

287 REP. RIJKEN: Are there other problems with the different wineries?

MR. LAKEY: Describes incidents.

TAPE 51, SIDE B

025 MR. ROMAIN: There is nothing in the law today preventing a supplier from having their own distributorship.

043 BILL NELSON, OREGON WINEGROWERS' ASSOCIATION: Submits and reviews testimony in opposition to HB 2690 (EXHIBIT I).

166 REP. JOHNSON: If a winery wants to move from one distributor to another do they buy back the inventory from the distributor?

MR. NELSON: Yes.

250 SANDRA BISHOP, WINE INSTITUTE: Submits and reviews testimony in opposition to HB 2690 (EXHIBIT J).

312 SYDNEY ABRAMS, WINE INSTITUTE: Submits and reviews testimony in opposition to HB 2690 (EXHIBIT K). Outlines experience with wine

wholesalers.

TAPE 52, SIDE A

036 REP. NAITO: Can a company wholesale their own brand? MR. ABRAMS: Each state allows wineries to sell directly to the

wholesalers. An out of state winery cannot deliver directly to a grocery store or a chain, it must first deliver to a licensed wholesale house.

087 CHAIR REPINE: How many wineries are active in the California Winery Association?

MR. ABRAMS: Approximately 450 out of 600 wineries in the state of California.

111 KEITH BURNS, VALLEY WINE and E & J GALLO WINERY: Submits and reviews testimony in opposition to HB 2690 (EXHIBIT I).

TAPE 53, SIDE A

001 MR. BURNS: Continues testimony.

021 PAUL ROMAIN, OREGON BEER AND WINE DISTRIBUTORS: Clarifies some of the testimony in opposition to HB 2690. -Goals and standards do not need to be in contract. -Distributorship and taxes. -Paying for distributorship. -Section 1 adds territories. Language should be deleted, this is not a

territory bill. -ORS 474.105 is the original territory bill. -Not a divided house, the distributors want this bill.

086 REP. NAITO: Concern that the small wineries do not have legal representation. Does the basic UCC contract provisions of good faith

and fair dealing apply?

MR. ROMAIN: UCC provisions do apply. There is no mandated contract.

Only a few provisions in this law are mandated.

129 REP. NAITO: Would a supplier from Europe be bound under these same contracts?

MR. ROMAINE: Yes.

158 CHAIR REPINE: Adjourns the meeting at 11:05 a.m.

Submitted by:

Reviewed by:

Debbie Schieno
Administrator

Janet McComb Clerk

EXHIBIT LOG:

A - Fiscal Analysis HB 2821 - 1 page B - Amendments to HB 2821 - State Marine Board - 4 pages C - Preliminary Staff Measure Summary on HB 2603 - 2 pages D - Testimony on HB 2603 - Widmer - 2 pages E - Amendments to HB 2603 - 1 page F - Preliminary Staff Measure Summary on HB 2690 - 6 pages G - Testimony on HB 2690 - Romain - 3 pages H - Amendments to HB 2690 - Romain - 1 page I - Testimony on HB 2690 - Nelson - 1 page J - Testimony on HB 2690 - Bishop - 4 pages K - Testimony on HB 2690 - Abrams - 2 pages L - Testimony on HB 2690 - Burns - 37 pages