Foster Garvey

Liquor & Cannabis Law

# The Love/Hate Relationship Between the Alcoholic Beverage and Cannabis Industries

05.11.17

Here at GSB, we work with those in the cannabis industry (like producers, processors, retailers and ancillary service providers) and those in the alcoholic beverage industry (like wineries, breweries, distilleries, hotels and restaurants).Washington utilized its alcoholic beverage rules as a model for the cannabis rules. So, anytime there is a "gap" in the cannabis rules, we look to the alcoholic beverage rules to predict the LCB's likely position on any given topic.Despite the significant overlaps, we often see a love/hate relationship between the alcoholic beverage and cannabis industries.

Some in the alcoholic beverage industry are looking to cannabis as an opportunity, whether in the form of products (think CBD-infused beer and wine), use of existing expertise in a similar market structure (think alcoholic beverage distributors advocating for a three-tier cannabis system), or otherwise.We're also seeing some conflict, though. Recently, owners of two Oregon vineyards sued their neighbor, citing concerns that "skunk like" odors from his cannabis facility could taint their grapes.

The Momtazi family owns 580 acres of vineyards in Yamhill County, and holds a Demeter Biodynamic certification. The Mahesh family owns 19 acres, and is in the process of developing a small vineyard.Richard Wagner acquired a nearby parcel. He's planning an outdoor grow operation, along with a processor facility. Although the current zoning law allows for the outdoor grow, Wagner needs the County's approval for his processor facility.The Momtazi and Mahesh families asked a judge to ban these activities, and asked the Yamhill County Board of Commissioners to reject his processor application. The lawsuit contends that "foul-smelling particles" will migrate to their properties, placing the vines and wine at great risk. The Momtazis claim that they have already lost a grape customer, due to the planned cannabis operations. They also claim that their Demeter Biodynamic certification could be in jeopardy. Wagner responded, noting that his operations comply with Oregon law

© 2026 Foster Garvey PC. All Rights Reserved.

and focus on organic and sustainable practices.We are unaware of any instance in which odors from cannabis operations have tainted grapes. Case in point, Southern Oregon vineyard owners were initially skeptical about neighboring outdoor cannabis grows. Their concerns eased, when problems did not materialize.Frankly, we see more actual problems arising from pesticide use, whether by vineyards, hop farmers or cannabis growers. Pesticide drift is a serious concern, as pesticides appropriate for use on one crop can be devastating for another. So, while use of the pesticide Myclobutanil is acceptable on hops and other crops, it is illegal for cannabis. Gazing into our crystal ball, we predict that this is not the last battle between the industries. All things considered, though, we think that both industries can benefit from peaceful co-existence.

*Posted in Alcoholic Beverage Industry, Cannabis Industry*

*Tagged as alcoholic beverage industry, alcoholic beverage rules, breweries, cannabis ancillary service providers, cannabis industry, cannabis processors, cannabis producers, cannabis retailers, distilleries, hotel, Myclobutanil, pesticide regulation, pesticide use, pesticides, restaurant, Washington State Liquor and Cannabis Board, wineries*

## Authored by

Emily Harris Gant

Firm Managing Principal|Seattle

206.816.1454 emily.gant@foster.com

© 2026 Foster Garvey PC. All Rights Reserved.