



## HB 5018 – OLCC Budget

February 17, 2021

Co-Chair Lee Beyer, Co-Chair David Gomberg and Members of the Joint Transportation and Economic Development Subcommittee:

On behalf of the Distilled Spirits Council of the United States, I urge you to support the proposals in the Governor's budget for the OLCC to replace its warehouse (POP 101), that appropriately modernize and simplify compensation of OLCC agents (POP 108 and HB 2740) and make Oregon distillery tasting rooms more economically viable (POP 108 and SB 316). However, we strongly oppose the proposal to add 25 cents to the existing 50 cent "temporary" surcharge that has been in place and renewed repeatedly for the last dozen years.

As the agency staff has already testified, the sale of distilled spirits is one of the major revenue sources for Oregon state government. As such, it is vital that we protect that revenue source by making necessary investments in the warehouse, the network of private businesses that sell the product to the public and Oregon's bars and restaurants, and support the growing industry of craft distilleries.

DISCUS is opposed to increasing the surcharge on distilled spirits products by 25 cents. The temporary 50 cent fee was first enacted in 2009 and renewed every biennium since. Oregon consumers and small businesses are facing unprecedented economic decline due to Covid 19 safety closures, a tax increase could devastate these businesses.

By any measure distilled spirits are overtaxed. In Oregon, nearly 60% of the retail price of a typical bottle of spirits goes to a tax or fee of some kind. While called a bottle surcharge, the additional 25 cent "surcharge" is just a tax. Unfortunately, taxes and fees get passed onto consumers who respond by reducing their purchases.

Responsible consumption is the cornerstone to both DISCUS and our member companies. Higher taxes and fees harm consumers that chose to drink in a responsible manner and Oregon businesses. I request that the Joint Transportation and Economic Development Subcommittee to not adopt the increased 25 cent surcharge. Thank you for your time and consideration.

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