

Testimony OPPOSING HB 2976 A
Submitted by Oregon Recovers
April 25, 2023
House Committee On Revenue

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, and Members of the House Committee On Revenue:

My name is Tony Morse, and I am the Policy and Advocacy Director for Oregon Recovers. In our alcohol policy work, we strive to bring attention to the catastrophic impact that the alcohol crisis is having on our state's public health, economy, and ability to raise revenue. I'm also a person in long-term recovery, which for me means I've not had a drink in over 6 years. And for the record, April is Alcohol Awareness Month.

I urge you to vote NO on HB 2976.

Under the guise of creating an alcohol consumption promotional board, Oregon distillers are trying to prevent the OLCC from using surcharges to generate revenue.

- Per statute, distilled spirit surcharge revenue is sent to the state's General Fund. But this legislation will permanently repurpose revenue from the surcharge already in place on liquor made in Oregon into subsidies for an industry that claims economic prowess. According to the Oregon Distillers Guild's written testimony, this will result in a **\$2 million** per year loss to the General Fund: money the state could use to fund addiction prevention, treatment, or funeral expenses for the 6 Oregonians that alcohol kills every day.

HB 2976 exempts an entire class of products from future spirit surcharges.

- This legislation will **permanently** exempt liquor made in Oregon from all additional surcharges, including the one proposed in Governor Kotek's recommended budget. Using the math of the Distillers Guild, this exemption will result in Oregon losing **an additional \$2 million** per year: money the state could use to offset the ongoing decline in cannabis tax revenue.

HB 2976 radically reduces the OLCC's price-setting power.

- OLCC uses surcharges as a tool to set liquor prices in Oregon, and is currently in the process of receiving public comment on Governor Kotek's proposed surcharge.
- But by exempting Oregon spirits from such a surcharge, this legislation permanently alters the statutory powers of the Oregon agency that is the third largest source of revenue for the state. Deconstructing government power solely for the pecuniary benefit of private industry is bad revenue policy.

Industry support for this bill is lacking.

- Conspicuous by their absence in this discussion is Hood River Distillers. If this legislation represents such good policy for the state's distilled spirits industry, then why is the state's oldest and largest distillery not on record supporting it? Do the distilleries supporting this legislation believe they know something Hood River does not?
- According to their website, Hood River produces nearly 1 million cases per year. They sell spirits nationwide, and they do so without the General Fund paying for product promotions and marketing campaigns.
- If Oregon distillers want to form and finance their own promotional organization, that's their prerogative. But we don't have to let them attack the Governor's budget, usurp the OLCC, and raid the General Fund for their own private gain.

Alcohol is a toxic, addictive carcinogen that has no public health benefits.

- We don't use public funds to promote tobacco consumption, and we shouldn't use them to promote alcohol consumption.

Please vote NO on HB 2976. Thank you.