

TESTIMONY

Chair Nathanson, members of the committee for the record, my name is Jesse Cornett and I live in Portland. I appreciated the opportunity to testify in-person yesterday and to provide supplemental testimony.

As I said yesterday, I am both a former bar owner and a person in long term recovery.

HB 2976 is an audacious measure

HB 2976 is an audacious money grab on the heels of 2021's Senate 316:

SB 316 tripled OLCC's commissions paid to Oregon liquor manufacturers. Not two years later distillers already seek to divert millions more from the general fund. The Oregon legislature would be heading down the wrong path to pass this measure, even out of the current committee and in any form.

I will reiterate this point later, but we are not Kentucky. If you look at them as a model, just this month their distillers rammed through a \$40 million tax break. That measure diverted money away from the cities and counties that are impacted by the wear and tear on their communities caused by liquor tourism. This is the path our liquor manufacturers will continue to follow if you let them.

HB 2976 is audacious given the special privilege Oregon's distillers are already given over their out of state competitors. Oregon's distillers can already sell direct, even to bars and restaurants. They can also set their own price to undercut competitors.

HB 2976 is audacious given the lack of need. A marketing arm for Oregon's distiller's does not need to be state sanctioned. There is already an association that exists that is intended to fill the need you are being asked to fill. Distillers can indeed raise their own prices to accommodate this function independently. Instead, they come to you in the hopes of diverting money from general fund, away from already under-funded critical services in Oregon. I think asking why they are unwilling to do this on their own bears relevance.

HB 2976 is audacious given their size. According to the Oregon Wine Board, Oregon's wine industry employs 40k workers & claims a more than a \$7 billion annual economic impact. There are well over 1000 wineries in in our state. Oregon has robust wine tourism, an indisputable fact.

Oregon's liquor manufacturers size and economic impact pale in comparison to Oregon's wine industry. As much as they want to think we are the new Kentucky, we are not.

There only are 10 distilleries in Oregon that even sell more than \$250k annually. That's sales, not profit. Oregon's distilleries don't employ even 5% that of the wine industry. The jobs that do exist are neither represented nor well-paid. There is nothing to suggest a diversity amongst ownership.

Despite the above, the Oregon Wine board diverts but a fraction of the amount of money from the general fund the liquor manufacturers are here today asking you for. The amount of money SB 316 gifted liquor manufacturers averaged \$62k for each and every of the 65 liquor manufacturers in Oregon. HB 2976 would spend a comparable amount on their

I would like to ensure the record reflects the correct amount of these businesses that exist in Oregon. The number presented by the official representative of the Oregon Distiller's Guild, 100, was inaccurate. That is approximately how many tasting rooms exist. Very different, and a fact the gentleman surely knew. Further, a comparison that we had the same number of distilleries as Kentucky is like looking at a tanker truck while holding your one gallon gas can and pretending the same thing. Far from it.

Audacious.

There is just not a strong case for this measure. Quite the opposite.

I have been a small business owner. Twice. I understand the struggles and I empathize. But I knew what those challenges were prior to launching my businesses. Perhaps I would have found more success if I had started a company then retroactively sought to ask the state to divert money from critical expenditures to support my ventures. That is what is happening with SB 2976.

If you are pondering supporting this measure, I hope you will consider:

- The above
- The impact of addiction on your district
- The probability this will positively impact your constituents
- If there are even micro-liquor manufacturers in your district
- And, especially if not, if your constituents sent you here bolster a niche industry centered near my home, in SE Portland

I recommend you vote no.