

Submitter: Benjamin Edmunds
On Behalf Of: Breakside Brewery
Committee: Joint Committee On Addiction and Community Safety Response
Measure, Appointment or Topic: HB3197

Beer, wine, cider, and distilleries are part of a cultural and economic force that has driven tourism dollars to this state, created jobs, and offered family-friendly and community venues in every county and legislative district in the state. We host birthdays, makers markets, live music, family reunions, corporate get togethers, political fundraisers, game nights, dog meet-ups, vaccination drives— our businesses are multi-purpose community hubs. This didn't happen by coincidence. It was thanks to forward-thinking legislation, beginning with the Brewpub Bill in 1985, that nurtured the regulatory landscape that allowed startup brewpubs and taprooms to flourish. It has been reinforced by regulation that has allowed for self-distribution and retail expansion. For 40 years, Oregon's brewers, wholesalers, retailers, and legislators have worked together to give small businesses pathways to market, and the result is the rich brewing heritage that we have today.

Despite all of the accolades and world-renown for our beers, we are weathering a very challenging, competitive, and mature market. Sales are down, costs are up, and the things that are selling don't make much money. What are the factors shaping this post-pandemic paradigm shift? Inflation, changes to individual social habits (like going out to eat less), generational differences in drinking habits, increased competition across beverage categories. All of this puts a tremendous squeeze on our businesses. My own brewery— one that is considered a paragon of success — had to rely on the state-sponsored WorkShare program last winter to avoid laying off 20% of our staff due to unforeseen drop-offs in sales. I know I speak for many breweries in the state when I say that our businesses are hanging on by a thread.

In this challenging marketplace, HB 3197 would make running our businesses even more difficult by penalizing our customers for patronizing our breweries. HB 3197 would be Oregon's first ever grocery and restaurant sales tax, increasing prices on legal-age drinkers in Oregon by 8%. HB 3179 purports that additional revenue is needed for youth prevention, yet youth drinking is at an all-time low. Youth beer consumption is down dramatically— this is a trend that's occurred for more than two decades, as existing prevention programs are working.

Representative Sanchez knows how unpopular and crippling this tax would be. In 2024, Oregon brewers, winemakers and cidermakers worked with Rep. Sanchez on a taskforce to examine alcohol taxes. The taskforce declined to recommend a tax increase and 87.5% of the public comments submitted opposed tax increases. Moreover, the data does not point to expensive craft beer as being the product

category that drives alcohol abuse. Ironically, HB3197 exempts hard liquor sales from this tax.

The brewers in this state recognize the urgency and seriousness of the addiction problems in Oregon and the need for treatment services to receive sufficient, direct, well-managed funding. Our industry has long-positioned itself as the alcohol beverage choice of moderation. Craft beer especially, because it is expensive and low alcohol, backs into this role naturally in some ways.

We know that increasing taxes – to businesses and consumers – alone does not curb dangerous behavior or consumption. In the alc-bev ecosystem, producers make the smallest margin and are saddled with the highest tax liability. A sales tax passed on to consumers will be a nail in the coffin for many small breweries across the state.