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OBWDA is a membership organization representing independent beer and wine distributors who employ over 3,000 Oregonians. Alcohol taxes have proven to be ineffective in controlling problematic consumption, including excessive and teen drinking. If funding for substance use disorder (SUD) programs is a genuine priority, the legislature should allocate more than the current 3% of alcohol revenues to these programs. Budgets should reflect our values and commitments. Increasing taxes on struggling Oregon businesses will not yield the desired outcomes.

Alcohol Pricing and Demand: Data from EcoNorthwest and the Legislative Revenue Office indicates that alcohol demand is inelastic; taxes do not effectively reduce consumption. Therefore, we recommend utilizing existing alcohol revenues to fund proven SUD programs rather than relying on further taxation.

Addiction Treatment and Accountability: The Oregon Health Authority (OHA) has not demonstrated accountability regarding how funds are utilized. They lack essential data on behavioral health spending, recovery outcomes, and service gaps. This failure to measure success undermines the demand for additional resources. It is critical to understand what existing programs are achieving before proposing further financial investments.

Resource Distribution: Despite alcohol taxes being a significant revenue source, less than 3% is earmarked for mental health and addiction services. A reevaluation and reallocation of these funds toward proven SUD programs is a logical and necessary step forward.

Funding Efficiency: Oregon's SUD funding is among the highest in the nation per capita, yet we lack clarity on the effectiveness of these expenditures. Since 2021, funding has increased by over \$1 billion, but we have little evidence to show for it. A thorough evaluation of existing programs is essential before committing additional resources.

Data Collection and Research: A trusted third party must implement a comprehensive data collection strategy. This includes creating a real-time database of SUD treatment beds, tracking OHA spending, and auditing SUD programs to clarify where funds are being allocated. With 7.2% of OHA's SUD budget unaccounted for, a thorough audit is vital.

We urge the Legislature to consider these recommendations seriously. By reallocating resources and enhancing accountability, we can address substance use disorders more effectively while supporting the vital role of beer, wine, and cider in Oregon's economy and culture.

We look forward to working together to achieve these important goals.

-Danelle Romain & Mike Freese, Representing the Oregon Beer & Wine Distributors Association (OBWDA)