



March 30, 2025

**RE: HB 3197 Opposition**

Dear Members of the Joint Committee on Addition and Community Safety Response,

I write to oppose HB 3197, which would require the study of taxation of the sale of beer, wine, and cider in Oregon.

Over the last several years, the fermentation industry has been challenged by supply chain issues, massive cost inflation, employee shortages, and overall alcohol consumption being down quite a bit. To add this sales tax specifically to an already struggling industry would mean the death of many small businesses, many of which are hubs in small communities, places where people of all stripes can gather and socialize. Our brewpub employs 150 community members, provides excellent health care and 401k's to full-time employees, and has helped create Astoria's latest renaissance from a neglected old town to a thriving one.

Beyond providing these essential gathering places, breweries, cideries, and wineries support Oregon's farms with their purchases of essential ingredients. When beer production decreases, Oregon's hop farmers suffer. For example, because of the recent downturn in beer consumption, Oregon hop farmers planted 18% less crop this crop year. The effects of this tax would affect many vital industries in our state.

HB 3197 is being proposed in order to supply additional revenue for fighting underage drinking and drug usage. And yet, study after study is finding that youth drinking is at an all-time low. Perhaps this isn't the case for drug usage, but a tax on alcohol in order to fight drug usage doesn't seem appropriate. Also, why aren't liquor & liquor-based RTDs included in the list of beverages to be taxed in this proposal? Why are Oregon's fermenters being singled out?

In 2024, Oregon brewers, winemakers, and cidemakers worked with Rep. Sanchez and other legislative staff on a taskforce to examine this same tax. The taskforce overwhelmingly declined to recommend such a tax, and 87.5% of public comments submitted opposed these taxes. OLCC taxes on manufacturers of alcohol already provide the 3<sup>rd</sup> largest source of tax revenue in Oregon, and this tax is already much higher than that in most other states in the U.S.

There are many reasons not to study this sales tax (again!) but in my opinion the most important reason is that these breweries, cideries, and winemakers create over 100,000 jobs in Oregon and contribute tens of billions of dollars to Oregon's economy. They are very important hubs of communities. They are largely owned by families and include many veteran- and women-owned companies. And they are huge proponents of moderate consumption of alcohol.

I am certainly not against fighting underage consumption of substances, but HB 3197 is not the way. Please don't cause hundreds of hard-working Oregonians to lose their businesses, and towns to lose their hubs and vibrancy.

Thank you,

Erin Moore

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