



Dear Co-Chairs Sen. Prozanski, Rep. Kropf and other members of the Joint Committee on Addiction and Community Safety Response,

Thank you for your representation and service in our state Capitol – often a thankless job. We urge you to oppose HB 3197, which would create Oregon’s first ever state grocery and restaurant sales tax, increasing prices on legal-age drinkers in Oregon by 8%.

With the highest cost increases in generations and no end in sight, the addition of a sales tax would only harm Oregonians trying to make their hard-earned dollars stretch. Lawmakers should not be raising prices through a regressive sales tax on constituents when they’re already at record highs. Additionally, the beer and wine sectors are seeing record closures with 70 breweries, taprooms and brewpubs and 60 wineries and tasting rooms shuttering in the past two year as fewer people are drinking.

HB 3197 states the additional revenue is needed for youth prevention, yet youth drinking is at an all-time [low](#), a trend that’s occurred for more than two decades as existing prevention programs are working. Alcohol taxes are already the third largest source of revenue for the state, yet only 3% goes to funding drug addiction and mental health. The legislature sends the rest to the general fund. Before increasing taxes on constituents, lawmakers should utilize existing revenue if youth drug addiction and recovery services are truly needed.

Last year Oregon brewers, winemakers and cidermakers served 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. Instead, the taskforce found the Oregon Health Authority lacks accountability and fails to track spending or results. Oregon Health Authority said it cannot account for \$72 million in substance use disorder spending last biennium.

We’ve showed we’re willing to come to the table and find solutions to Oregon’s drug addiction problem, but this bill ignores findings and economic studies that state alcohol taxes will not curb problem or youth drinking. The legislature should instead hold agencies responsible for waste and repurpose existing funds for better use of programs with metrics of success.

This massive sales tax harms Oregonians who just want to grab a drink with a coworker after work or take mom out for brunch with mimosas or the sports enthusiast buying a 6-

pack for a watch party with friends.

Beer, wine, cider and spirits are an essential part of Oregon's economy and identity. But these local businesses are facing major challenges with inflation, supply chain issues, employee shortages, natural disasters, a pandemic, record closures and fewer people drinking. The last thing Oregonians need piled on is a sales tax. Please, Don't Tax My Drink – Oppose HB 3197!

Sincerely,

Oregon Beverage Alliance, which is made up of the more than 300 breweries, 900 wineries, 1,300 vineyards, 70 cideries, 100 distilleries, 73 distributors and 10,000 restaurants, creating hundreds of thousands of good-paying jobs and more than \$17 billion in economic activity for the state.