



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

Thank you for your representation and service in our state Capitol. I know it's often a thankless job.

ORLA represents over 2,500 members across the state, and we urge you to oppose House Bill 3197. You may be aware that Oregon's hospitality industry has still not fully recovered from the upheaval caused by the pandemic. But even in better times, Oregonians are widely opposed to sales tax proposals. In the case of House Bill 3197, the committee is being asked to approve a sales tax for consumers, but only on specific products. I thought it might be most productive to outline some striking realities that we feel speak to the importance of saying no to new taxes:

- The Tax Foundation now ranks Oregon 30<sup>th</sup> in the nation for tax competitiveness. In 2019, Oregon was ranked 9<sup>th</sup> in the nation.
- Alcohol tax revenue is currently the third largest revenue source for the State of Oregon, yet only 3% of these revenues are dedicated to funding drug addiction and mental health. We would argue that a more significant percentage of already existing tax revenue should be devoted to these services before allocating resources to other General Fund needs.
- The March Revenue Forecast for the 2025-27 biennium includes a \$350 million increase in General Fund resources. Why are we even considering a new unprecedented tax given the current financial forecast?
- We've seen over 70 breweries close their doors in the last few years, in addition to dozens of winery closures. Taxing some of the hardest hit pandemic-era businesses will not assist them in their quest to emerge profitable.
- Consumers will be furious. If a sales tax starts appearing on grocery and restaurant receipts relating to their alcohol purchasing decisions, legislators will be hearing loudly from their constituents.

The challenges facing Oregon's craft breweries, wineries, cideries, and restaurants are very real. Oregonians also rate the cost of living in the state as one of their top concerns. For all of these reasons, please join our industry association and express your opposition to House Bill 3197 as a committee member.

Sincerely,

Jason Brandt  
President & CEO  
Oregon Restaurant & Lodging Association