



April 2, 2025

**To: Co-Chairs Prozanski and Kropf and Vice Chair Mannix and Members  
of the Joint Committee on Addiction and Community Safety Response**

**From: Sally Jefferson  
Director of Western States, Wine Institute**

**Re: HB 3197 Wine/Beer Tax Increase**

On behalf of Wine Institute, a public policy association representing wineries of all sizes, that advocates at the state and Federal government levels for the responsible consumption, marketing and production of wine, we are submitting this testimony in opposition to HB 3197.

Wine Institute is opposed to HB 3197 which would impose a new tax of up to 8% on the retail sales of wine, beer and cider. It would not only unfairly burden responsible Oregon wine consumers but the state's hospitality and retail communities, wineries, breweries and cideries, which are already in distress.

The wine industry was hard hit by the pandemic and has yet to recover as a result of lost sales both in their tasting rooms and to their on-premises licensee. Though direct-to-consumer shipments increased during that time, it has never come close to compensating for the loss of wine sales suffered by restaurants and bars. In addition to wineries having been battered by unprecedented devastating wildfires, they and the retail community are now struggling with the serious economic fallout from retaliatory trade tariffs, escalating inflation costs, worker shortages and reduced consumer consumption of alcohol beverages.

None of the tiers – wineries, distributors or retailers/restaurants - are in the position to absorb any additional costs, so any increase in alcohol beverage taxes will be passed on directly to Oregon consumers who are already suffering in many ways. Any increase in taxes on wine sales unfairly harms wine consumers in Oregon:

- Alcohol beverage taxes are regressive, disproportionately hitting those in lower-income communities and those on fixed incomes, while not truly acting as a deterrent to those who prioritize the purchase of alcohol regardless of the price. The vast majority of wine consumers are not abusing our products.

➤ Oregonians are already struggling with unemployment, high housing, food, and fuel costs. Under this bill, they would be forced to spend more of their hard-earned money.

This legislation is harmful and unnecessary, and it comes in spite of alcohol taxes and funding for addiction services issues having been well-researched and vetted for a year by a legislatively empaneled Task Force of alcohol addiction advocacy organizations and service providers, cities and other stakeholders. After careful consideration and deliberation, the taskforce chose not to support or recommend an increase in wine and beer taxes.

We respectfully urge you to oppose HB 3197 and appreciate the opportunity to share our serious concerns with this legislation.