

Testimony in Opposition to HB 3197 – Proposed 8% Sales Tax on Beer, Wine, and Cider

To Whom It May Concern,

My name is Ashley Crews and I am co-owner of Weekend Beer Company, a veteran and family-owned brewery here in Oregon. I am submitting this testimony in opposition to HB 3197, which proposes an 8% sales tax on beer, wine, and cider. As a small business owner who is deeply invested in both my community and the Oregon brewing industry, I strongly believe this proposed tax would be harmful to our business and to many other local breweries in Oregon.

Oregon's more than 300 breweries contribute significantly to our state's economy, creating 50,000 jobs and generating \$8.7 billion in economic activity each year. These businesses, including ours, are vital to the fabric of local communities. However, the industry is currently facing unprecedented challenges—inflation, supply chain issues, employee shortages, residual impact of a global pandemic, and shifting consumer habits. The impact of the COVID-19 pandemic is still being felt, and fewer people are drinking, especially in the craft beer sector. For Oregon's small businesses, like Weekend Beer Company, we are fighting every day just to survive.

According to the Brewers Association, more breweries, taprooms, and brewpubs closed than opened in the last two years. In 2024, there were 399 closures compared to 335 openings, and Oregon lost 30 of these local businesses each year in both 2023 and 2024. Craft beer sales also fell in 2024, a concerning trend that reflects the challenges our industry is facing. At the same time, U.S. hop growers planted 18% less this year, and Oregon hop farmers followed suit with the same reduction in 2024. These are direct consequences of the shrinking craft beer market.

HB 3197 would be Oregon's first-ever grocery and restaurant sales tax, and it would add an 8% sales tax on products that are already heavily taxed and regulated. This tax would increase the price of beer, wine, and cider for legal-age drinkers in Oregon, further burdening consumers and small businesses like ours. It would not only increase the cost of products for our patrons but also create an additional administrative burden for our business. Given the current struggles we face, this added cost would force us to cut back on staff, reduce production, before potentially forcing us to close our doors.

Furthermore, while the proposed bill claims that the additional revenue is needed for youth drinking prevention programs, it is important to note that youth drinking rates are at an all-time low and have been steadily declining for more than two decades. Existing prevention programs are already working, and this new tax seems out of touch with the actual trends and needs of Oregon's youth. In fact, the recent alcohol tax task force, which included brewers, winemakers, and cidermakers, worked with Rep. Sanchez and ultimately declined to recommend any tax increases. Public comments submitted to the task force also overwhelmingly opposed such increases, with 87.5% of submissions in opposition.

I would also like to highlight the irony of this proposal, which specifically targets the beer industry while exempting hard liquor. If youth drinking was the mission at the heart of this tax, you would think all alcohol industries would be affected. This creates an uneven playing field that unfairly vilifies beer, wine, and cider producers while allowing the hard liquor industry to avoid any additional taxation. This lack of consistency further harms Oregon's small craft breweries, which already face significant challenges.

At Weekend Beer Company, we are more than just a business; we are a community hub. As a veteran, brewer and family-owned brewery run by two local couples, we have worked hard to build a welcoming space where people gather, connect, and enjoy locally brewed beer for the last 6+ years. We directly support five other local businesses that rely on us for collaboration and patronage, not to mention dozens of other local businesses that benefit from our charitable contributions, services, and products. This tax would hurt not only our business but the broader community, forcing us to make difficult decisions that could reduce our contributions to the local economy.

I urge you to oppose HB 3197. This proposed sales tax would place an undue burden on small businesses and consumers, further complicating an already difficult situation for Oregon's craft breweries. Instead of implementing this tax, we should be focusing on supporting local businesses, maintaining the success of existing prevention programs, and finding more effective ways to address youth drinking without putting more strain on the families and veterans who own small businesses in this state.

Thank you for your time and consideration.

Sincerely,

Ashley Crews

Co-Owner, Weekend Beer Company