

Good evening Co-Chairs Prozanski and Kropf and Members of the Committee. Thank you for the opportunity to speak with you. My name is Matt Evans, I'm a native Oregonian and I'm here representing the Taxpayer Association of Oregon to urge a "no" vote on HB 3197.

This is yet another bill that seeks to tax people out of a consumer product to reduce the threat of addiction. The bill seeks to raise taxes on beer, wine, cider and spirits to fund anti-drinking programs aimed at young people. Nobody wants young people to abuse alcohol, but this seems like a solution in search of a problem. Youth drinking is current at its lowest level in decades – perhaps ever – and trending down while youth marijuana use has skyrocketed. Apparently, some addictions are more equal than others.

Increased taxes and public programs like the ones envisioned in this bill have proven to have limited effectiveness. According to The Oregonian, the State funded a study proving higher beer taxes would have little effect on heavy drinking – but never publicized the study!

While cigarette taxes and anti-smoking programs have had some effect, the truth is that the taxes simply encourage a dangerous black market and the programs are relatively ineffective, sometimes taking years and several tries at it to reduce or stop a person's smoking. A larger percentage are never able to quit. In the long run, the addiction is just stronger than any programs for many Oregonians.

Alcohol consumption per capita is declining. The stated goal of this legislation – reducing youth drinking – is already happening with the additional taxes proposed by HB 3197.

As you've heard today, some breweries and wineries – along with the farms that provide their ingredients – are already struggling. Some are going out of business. Don't make it worse for them by increasing the prices they must charge customers due to higher taxes.

This illustrates a disconnect we see between this body and how you are able to do your jobs. Oregon's General Fund is almost wholly dependent on personal and corporate income tax revenues. A thriving, diverse economy is essential to the success of government in Oregon.

We take a lot of actions designed to bring large businesses to Oregon, or to encourage them to expand here. But the Office of Economic Analysis would tell you that small businesses provide most of the jobs in Oregon. This bill could allow a dramatic, and perhaps fatal injury to a large number

of small businesses in our State. It could shut down hundreds of tax-paying small businesses and put thousands of tax-paying Oregonians out of work. State Government is already claiming to be facing a large deficit in the coming biennium – decisions made under this bill will make that problem worse, not better. We encourage you to always consider your decisions in the light that strong economic activity in our State is the only thing allowing you to fund what you truly care about.

We urge a “No” vote on HB 3197.