

Testimony in OPPOSITION to HB3197 -2

Joint Committee On Addiction and Community Safety Response

Co-Chair Prozanski, Co-Chair Kropf, Vice-Chair Mannix, and Members of the Committee,

My name is **Ed Diehl**, State Representative for **House District 17**, which stretches from East Salem through the Majestic Santiam Canyon. Thank you for the opportunity to offer strong opposition to **House Bill 3197 and the -2 Amendment**.

HB 3197 proposes a **new and escalating retail sales tax on beer, wine, and cider**—starting at **2%** and climbing to **8% by 2032**. While the bill is framed as a way to support youth prevention programs, the reality is that it imposes yet another financial burden on **Oregon consumers, small businesses**, and an industry that is both economically vital and culturally iconic.

Oregonians are already over-taxed

Yes, Oregon's beer and wine taxes are relatively low compared to other states. But that statistic alone ignores the broader picture: **Oregonians already face some of the highest total tax burdens in the country**. And they are frustrated. From income and property taxes to regulatory fees and fuel costs, Oregon families are already stretched thin.

We also know that **public trust in how the state spends taxpayer dollars is low**. If youth substance prevention is truly a priority—and I believe it should be—then why isn't it being funded through existing resources? The money is there. What's lacking is accountability and prioritization.

Budget Growth has far outpaced wages and inflation

- In the **2017–2019** biennium, Oregon's state budget was **\$74.39 billion**.
- By **2023–2025**, it had jumped to **\$121.26 billion**.
- Now, the Governor is proposing a staggering **\$137.7 billion** for 2025–2027—a total growth of **85.1%** in just eight years.

Meanwhile, **Oregon's average wage** has increased only **23.5%** during that same period. That's a massive gap—and the public is footing the bill.

What about **population growth**? Has that justified the ballooning budget?

- In 2017, Oregon had about **4.1 million** residents.
- In 2024, we had about **4.27 million**.
That's just a **4.2% population increase**—hardly a reason for an **85% spending surge**.

And consider this: **1 in 3 Oregonians is now on some form of public assistance**. That's not sustainable. Human Services is now 45% of the state budget. And this does not include the Medicaid population which is a federal program. It points to a system that is expanding faster than it can support itself—and rather than address those structural issues, this bill would pass more costs onto working Oregonians.

A threat to local industries and jobs

Oregon's breweries, wineries, and cider makers are more than businesses—they are community hubs, tourism drivers, and proud examples of Oregon craftsmanship. They employ thousands and help define our state's identity.

This tax will **hit small producers the hardest**, making them less competitive and putting jobs at risk. And since **there's no sunset clause or built-in review**, once that 8% rate kicks in, it becomes **just another permanent fixture** in Oregon's long trend of taxing lifestyles the state wants to discourage.

Let's fund priorities - responsibly

We all care about youth and community health. But **burdening consumers and small businesses** with a permanent, escalating tax is not the responsible—or sustainable—path forward.

I urge you to vote NO on HB 3197 and the -2 amendment, and instead prioritize funding for prevention programs from the resources we already have. Let's show Oregonians that we can use their money wisely before we ask for more.