

Submitter:	Benjamin Edmunds
On Behalf Of:	Breakside Brewery
Committee:	House Committee On Revenue
Measure, Appointment or Topic:	HB3940

Beer, wine, cider, and distilleries are part of a cultural and economic force that has driven tourism dollars to this state, created jobs, and offered family-friendly and community venues in every county and legislative district in the state. We host birthdays, makers markets, live music, family reunions, corporate get togethers, political fundraisers, game nights, dog meet-ups, vaccination drives— our businesses are multi-purpose community hubs. This didn't happen by coincidence. It was thanks to forward-thinking legislation, beginning with the Brewpub Bill in 1985, that nurtured the regulatory landscape that allowed startup brewpubs and taprooms to flourish. It has been reinforced by regulation that has allowed for self-distribution and retail expansion. For 40 years, Oregon's brewers, wholesalers, retailers, and legislators have worked together to give small businesses pathways to market, and the result is the rich brewing heritage that we have today.

One of the most successful and landmark pieces of legislation in this history is the Bottle Bill, and HB 3940 threatens to upend one of the most successful and well-regarded legislative initiatives in Oregon's history. The existing recycling and bottle deposit system in Oregon has garnered buy-in from consumers, wholesalers, retailers and producers. Adding a new tax to the system will burden all of the stakeholders, undermining a program that has worked for decades.

Despite all of the accolades and world-renown for our beers, we are weathering a very challenging, competitive, and mature market. Sales are down, costs are up, and the things that are selling don't make much money. What are the factors shaping this post-pandemic paradigm shift? Inflation, changes to individual social habits (like going out to eat less), generational differences in drinking habits, increased competition across beverage categories. All of this puts a tremendous squeeze on our businesses. My own brewery— one that is considered a paragon of success — had to rely on the state-sponsored WorkShare program last winter to avoid laying off 20% of our staff due to unforeseen drop-offs in sales. I know I speak for many breweries in the state when I say that our businesses are hanging on by a thread. ?

In this challenging marketplace, HB 3940 would make running our businesses even more difficult by penalizing our customers for patronizing our breweries. this would be a hidden sales tax on consumers when neither they nor the business whom they patronize can afford that added cost. Oregonians already pay a 10-cent deposit per bottle under our successful, privately run Bottle Bill. Adding another 5 cents is nothing more than a retail sales tax on everyday beverages, which disproportionately harms working families and Oregon breweries like mine.