



April 29, 2025

In Opposition to HB 3940, unless the -A8 is adopted

Dear Chair Nathanson, Vice Chair Werner Reschke, Vice Chair Walters, Representative Hudson, Representative Levy, Representative Marsh, and Representative Smith:

Thank you for hearing our concerns and reasons for opposing HB 3940, unless the -A8 amendment is adopted. Founded in 1992, the Oregon Brewers Guild is one of the nation's oldest craft brewers' associations. We are a non-profit organization whose mission is to promote and protect the state's brewing industry and the common interests of our members. We brew the best craft beer in the world.

Prior to the pandemic, Oregon's 300+ breweries, brew pubs and tap houses employed over 10,000 Oregonians and generated over \$2B in economic impacts annually. While we are in the process of surveying members throughout the state to update these figures, we do know that our industry has not yet fully recovered. Our members range in size from 1-2 person tap houses and brewpubs—true 'Mom and Pop' operations—to breweries who've grown their brands regionally and distribute their Oregon craft beer across the country. Compared to the large beer producers in America though, even our larger member breweries are quite small.

Our independent brewery owners and employees live and work in both rural and urban communities throughout the state. Oregon's local, craft beer brewers and employees act as vital cogs within each city and town where they brew beer. We support everything from major sustainability and diversity initiatives to local parent teacher associations. We are also integrally connected to, and economically dependent upon, our Oregon partners-- Oregon hop farmers, packaging and container producers, distributors, marketing experts, and most certainly our Oregon customers. The headwinds we currently face include a recent decline in consumer confidence, increased input costs especially due to upcoming

aluminum tariffs, and general societal trends reflecting declines in alcohol consumption. Our customers are highly price sensitive.

OBG is governed by an elected Board and policy decisions are made by an elected Legislative Advisory Committee (LAC). The LAC is currently comprised of:

- Sonia Marie Leikam, Co-Chair LAC committee, OBG Board Member -Leikam Brewing, Portland OR
- Jamie Floyd, Co-Chair LAC committee, OBG Board Member -Ninkasi Brewing / Great Frontier, Eugene OR
- Lisa Allen, OBG Vice President - Heater Allen / Gold Dot Brewing, McMinnville OR
- Sam Pecoraro, OBG President - Von Ebert Brewing, Portland OR
- Jason Barbee, OBG Board Member - Level Brewing, Portland OR
- Brett Thomas, OBG Board Member- Sunriver Brewing, Sunriver OR
- Darron Welch, Former OBG Board Of Directors and Member - Pelican Brewing, Tillamook OR
- Travis Darney, OBG Brewery Member - Side A Brewing, La Grande OR
- Erin Moore, OBG Brewery Member - Fort George Brewery, Astoria OR

We would welcome the opportunity to host you for a tour of our breweries anytime. Some of our member brew pubs, tap houses, and breweries in your districts include:

- BJ's Restaurant and Brewhouse
- Mia and Pias Pizzeria and Brewhouse
- Sunriver Brewing Company
- McMenamins
- Migration Brewing
- Side A Brewing
- Caldera Brewing
- Burnt Field Brewing
- Dragons-Gate Brewery Farmhouse Ales

We are opposed to HB 3940 without the -8A amendment because the proposed 5-cent tax on recyclable beverage containers would create confusion for consumers, undermine public trust in Oregon's Bottle Bill, and effectively introduce a regressive sales tax at a time when many Oregonians are already facing financial hardship.

Before the House Climate Energy and Environment Committee, we supported the -2 amendment to remove the tax while also recognizing the need for Oregon to fund critical wildfire prevention, mitigation, and support services. That amendment is now the -A8 and our position remains the same.

While an additional 5 cent tax on the bottle bill may not sound like much, it would have very real economic consequences for our members. Here are some of the responses we've received from our Members:

Pelican Brewing Company:

HB3940's 5 cent per container sales tax proposal would add \$1.20 to every case of beer, cider, hop water and soda that Pelican Brewing produces, potentially costing \$385,000 per year. This level of expense would endanger up to 5 full-time positions in our company. The Bottle Bill is an important cornerstone of Oregon's policy for recycling and litter control. It has been working effectively since 1972 when a Pacific City local, Paul Hanneman, first spearheaded the effort to create this law. This proposal will undermine the original purpose of the Bottle Bill and will instead create a regressive sales tax. I support Amendment -2 and urge the committee to find other ways to fund our much-needed wildfire response. As the bill is currently written, I oppose HB 3940.

Sunriver Brewing Company:

I am expressing my opposition to HB 3940. It is not the intent of the bill that I oppose, but one of the sources of funding in particular – the beverage container “tax” provision. A \$.05 fee, essentially a sales tax, added to each “beverage container” purchase translates to an additional \$.30 per six-pack of craft beer at retail. Oregon's craft breweries face an unprecedented set of challenges in today's marketplace and any added costs at retail will most certainly lead to further deceleration of sales, endangering the success of businesses.

Fort George Brewery and Public House:

Most breweries would likely eat the cost of the 5-cent tax per can or bottle sold because of the competitive pricing structure that we all try to follow (a 4-pack is, say, \$14, not \$14.20, as the simplest of examples). Breweries are hubs of communities, where people of all stripes can gather, and are often major employers, especially in small towns like

ours; this tax would likely lead to the closure of several Oregon breweries, and would put an additional strain on an already struggling industry.

Leikam Brewing

I write to share my opposition to HB 3940. I understand the importance of creating more funding to fight wildfires in Oregon, but a beverage tax on Oregon's Bottle Bill is not the solution. There are better ways to support wildfire funding than undermining our beloved recycling system. The Bottle Bill provides a way for us, like nearly 7,000 families, to save for college for our 3 kids by depositing our returns into their 529 plans. Stacking a tax on top of the deposit and then telling customers they only get part of it back will create friction and confusion. Ultimately, placing a tax in the Bottle Bill will gut one of our most beloved statewide programs, lower trust in the Bottle Bill, and weaken the desire to participate.

Side A Brewing

My opposition can be simplified to the fact that adding an additional \$0.05 to our packaged products would harm our already-thin margins, either by reducing sales or directly absorbing the additional costs. The funding required for increased fire remediation capabilities can be found in the reallocation of tax revenue already present within the state's systems.

Thank you for your consideration and please do not hesitate to contact Jonathan Manton, Legislative Advocate for the Oregon Brewers Guild (manton@sawneeservices.org 541 729-2923) with any questions or if we can be any additional service.

Respectfully,

The Oregon Brewers Guild