



HB 2275: Tobacco Tax Increase

House Revenue - Tuesday, 3, 12, 2013, Jody Wiser

We support an increase in tobacco taxes, because of effect it will have on the incidence of smoking, despite its regressive nature.

We wonder, however, why we have yet to see a bill that also increases our beer and wine tax. Beer and wine, likewise are addictive substances, with use, followed by addiction often starting young. But unlike tobacco, beer and wine use provides negative consequences, not only to the users and their family, but also, because of vehicle accidents, to many others.

While our tobacco taxes are not at the bottom of the states, we sit at the bottom of the country with a couple of other states for beer taxes, and we're low for wine taxes as well. The incidence of use, however, isn't as focused on the poorest of Oregonians.

Recently the price of a bottle of two buck Chucks was on sale, reduced from \$2.89 to \$2.39 – how does that compare to the price of cigarettes? Damage from one of these substances can be far more immediate, and hurt far more people than the other.

When we met Sunday evening, my members asked, "When will the legislature get some guts and raise the beer and wine taxes?" We did some research before the last session. Since then, likely some states have changed their taxes. This hasn't been updated, but here's what we found then:

Solution	Options	New Revenue/Biennium															
Increase Beer and Wine Taxes	<p><i>Oregon has amongst the lowest beer tax in the nation, while its wine tax is about average. When one compares total taxes – both excise and sales taxes -- our beer taxes share the lowest position with Kentucky, and we have the fifth lowest taxes on wine.</i></p> <p><i>Some possible changes:</i></p> <ul style="list-style-type: none"> • <i>Increase beer and wine taxes to the national average (median of combined excise and sales)</i> • <i>Tax beer and wine the same @ \$.01 per ounce (\$1.28 per gallon)</i> • <i>Tax beer and wine based on alcohol content at the \$21/gallon we currently tax hard liquor.</i> <table border="1" data-bbox="488 737 1122 919"> <thead> <tr> <th></th> <th style="text-align: center;"><u>BEER</u></th> <th style="text-align: center;"><u>WINE</u></th> </tr> </thead> <tbody> <tr> <td><i>Current Oregon tax/ gallon</i></td> <td style="text-align: center;"><i>\$.08</i></td> <td style="text-align: center;"><i>\$.67</i></td> </tr> <tr> <td><i>US Ave tax/gallon-excise & sales</i></td> <td style="text-align: center;"><i>\$.73</i></td> <td style="text-align: center;"><i>\$2.87</i></td> </tr> <tr> <td><i>At \$.01 tax/ounce</i></td> <td style="text-align: center;"><i>\$1.28</i></td> <td style="text-align: center;"><i>\$1.18</i></td> </tr> <tr> <td><i>Equal based on alcohol content</i></td> <td style="text-align: center;"><i>\$2.30</i></td> <td style="text-align: center;"><i>\$6.59</i></td> </tr> </tbody> </table>		<u>BEER</u>	<u>WINE</u>	<i>Current Oregon tax/ gallon</i>	<i>\$.08</i>	<i>\$.67</i>	<i>US Ave tax/gallon-excise & sales</i>	<i>\$.73</i>	<i>\$2.87</i>	<i>At \$.01 tax/ounce</i>	<i>\$1.28</i>	<i>\$1.18</i>	<i>Equal based on alcohol content</i>	<i>\$2.30</i>	<i>\$6.59</i>	<p>\$100-120 million <i>or</i> \$100-120 million <i>or</i> Much, much more</p>
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BEER TAXES and OREGON'S NEIGHBORS

Oregon's tax on beer tax is amongst the lowest in the country, at **\$2.60 per 31 gallon barrel, or 8 cents per gallon.**

Meanwhile, **Washington's beer tax** was over three times that, at \$8.08 per barrel, for large beer producers. Then last year, facing budget shortfalls, Washington temporarily raised the beer tax an additional \$15.75 per barrel to \$23.58, or **76 cents per gallon** for large bottlers, while retaining a 15 cent per gallon tax on microbrews.¹

The three-year increase is expected to raise \$57.2 million during the remainder of the fiscal year June 1, 2010 to June 30 2011, and \$180 million over the three year period.

The 60,000 per barrel threshold protects all Washington breweries from paying the new tax. Microbreweries would continue to pay the rate of \$4.782 per barrel/15 cents per gallon for local brewers.

California's beer tax, at 20 cents per gallon is **nearly 3 times Oregon's 8 cents per gallon.**

In addition, both states' sales taxes add cost to beer; in Washington, an average of 65 cents per gallon and in California 72.5 cents per gallon.

¹ The increase is a tax paid on macrobrews (over 60,000 barrels consumed in Washington per year) by an additional \$15.75 per barrel (50 cents per gallon, or 28.1 cents per six pack, or 4.7 cents per bottle or can.)