

CHAIR BEYER AND MEMBERS OF THE COMMITTEE:

FOR THE RECORD MY NAME IS JEFF DENSE. I AM A PROFESSOR OF POLITICAL SCIENCE AT EASTERN OREGON UNIVERSITY. MY RESEARCH FOCUSES ON CRAFT BEER POLICY, ESPECIALLY ITS IMPACT ON ECONOMIC DEVELOPMENT, TOURISM AND PUBLIC FINANCE. THE 21.7% INCREASE IN YEAR-TO-DATE PRODUCTION FROM NOVEMBER 2013 TO NOVEMBER 2014, AND A PARALLEL INCREASE IN OREGON'S PRIVILEGE TAXES, ARE A CLEAR INDICATOR OF THE POSTIVE FISCAL IMPACT BY THE CRAFT BEER INDUSTRY.

SENATE BILL 138 DEALS WITH TWO RELATED POLICY ISSUES, PRODUCTION CAPS FOR BREWERIES AND THE ABILITY OF BREWERIES TO SELF-DISTRIBUTE THEIR PRODUCT. AN EVALUATION OF THESE TWO POLICY ISSUES IN OTHER STATES REVEALS-

- **21 STATES HAVE NO PRODUCTION CAP FOR BREWERIES SIMILARLY SITUATED AS CASCADE BARREL HOUSE (PLEASE NOTE THE VARIED NOMENCLATURE USED BY OTHER STATES, AS *NO* OTHER STATE USED THE "BREWERY/PUBLIC HOUSE" TERMINOLOGY).**
- **39 STATES ALLOW BREWERIES TO SELF-DISTRIBUTE.**
- **OF THESE 39 STATES, ONLY 8 STATES, INCLUDING OREGON, IMPOSE A PRODUCTION CAP LIMIT ON THE RIGHT TO SELF DISTRIBUTE.**
- **ONLY MICHIGAN (1,000 BBL) AND ARIZONA (3,000 BBL) HAVE SMALLER PRODUCTION CAPS ON THE RIGHT TO SELF DISTRIBUTE THAN OREGON (5,000 BBL).**

- **WITH OREGON EXCLUDED FROM THIS GROUP OF 8 STATES THE AVERAGE PRODUCTION CAP FOR BREWERIES ABLE TO SELF DISTRIBUTE IS 21 286 BBL, MORE THAN 4 TIMES THE CURRENT LIMIT IMPOSED IN OREGON.**

BY REMOVING THE PRODUCTION CAP FOR BREWERIES TO SELF DISTRIBUTE, IT WILL INVARIABLY LEAD TO INCREASES IN PRODUCTION, ADDITIONAL JOB CREATION AND PRIVILEGE TAXES PAID TO THE STATE. SENATE BILL 138 ENHANCES THE CHANCES FOR LONG-TERM SUCCESS FOR THE CRAFT BEER INDUSTRY WHILE PROVIDING MUCH NEEDED REVENUE TO GOVERNMENT COFFERS. PASSAGE OF THIS BILL WILL PROVE TO BE A 'WIN-WIN' CHANGE IN CRAFT BEER POLICY THAT BENEFITS BOTH THE CRAFT BEER INDUSTRY AND PUBLIC FINANCE IN OREGON.

THANK YOU FOR YOUR TIME, AND I WOULD BE GLAD TO ANSWER ANY QUESTIONS.