



House Committee on Economic Development and Trade

March 6, 2017

Dear Chair Lininger:

Thank you for your continued support of Oregon's alcohol beverage industry. As you know, we are a significant contributor to Oregon's economy. Nearly 40,000 Oregonians are directly employed in Oregon's brewers, wineries, distillers, distributors, and retailers. Furthermore, at least 20,000 additional jobs result from the economic benefits from Oregon's alcohol industry. Industries that are positively affected include: agriculture, construction, tourism/entertainment, government, general business, and many more. The alcohol beverage industry's positive impacts results in billions paid in wages and taxes and millions invested in Oregon non-profits, charities, and state & local government.

There are 230 brewing companies in Oregon, 702 wineries, 73 distributors, and a rapidly growing craft distiller industry that consists of nearly 80 distillers statewide. Oregon is 2<sup>nd</sup> in the nation for hop growing with a 2016 crop value of over \$40 million. Wine tourism is thriving in Oregon and currently results in nearly a \$225 million positive annual economic impact.

In spite of the tremendous benefits our industry provides to Oregon's economy, we often find ourselves targeted in state revenue discussions. Oregon lawmakers have nurtured the growth of Oregon's alcohol industry by keeping state taxes competitive with other alcohol-producing states. We collectively oppose any increase to the beer and wine tax or the distilled spirits "surcharge/markup."

Oregon is now positioned to attract customers from Washington State in cross-border sales. Washington's added taxes and fees have dramatically increased customer cost and driven more Washingtonians into Oregon stores. For distilled spirits, total cross border sales exceed 200,000 cases valued at \$36 million.

Oregon's federal delegation has recognized the value of the alcohol industry to the state economy, by introducing legislation which reduces taxes on the alcohol industry. We believe this is a direct effort to ensure that high-quality jobs for Oregonians continue to exist and grow and that innovators continue to invest in Oregon. We collectively ask that the Oregon Legislature recognize the accomplishments of Oregon's rapidly growing alcohol industry and reflect these accomplishments in future policy decisions by rejecting additional taxes on this thriving industry.