



February 7, 2020

Senator Mark Haas, Chair  
Senator Lynn Finley, Vice Chair,  
And Members of the Senate Finance & Revenue Committee

SB 1565

The Association of Oregon Counties is not opposed to increasing the amount of money going to liquor distillers that operate tasting rooms.

Our concerns are strictly related to the loss in revenue to local governments who are tasked with ensuring services to our citizens.

We urge the Committee to consider other ways of supporting these businesses:

- If the state wanted to remain whole and still increase compensation to agents this could be accomplished through increasing the mark-up on bottles, either broadly or only on bottles sold through tasting rooms.
- The state currently levies a \$0.50 per bottle surcharge that goes exclusively to the state, this surcharge could be increased with the difference going to agent compensation.
- Reducing the revenue loss could also be accomplished by giving a smaller incentive as a percentage, or having the incentive only apply for a set number of years, similar to most other economic development programs.
- If the state wanted to keep local governments whole this could be accomplished by changing the current distribution formula to increase the city and county shares. Making a permanent change to how this industry is treated could have significant long-term revenue impacts for cities and caution is warranted.

AOC thanks you for your consideration of these alternatives.  
Sincerely,

Susan Morgan

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