

Testimony OPPOSING HB 2013

Submitted by Oregon Recovers

March 28, 2023

House Committee On Economic Development and Small Business

Chair Bynum, Vice-Chair Nguyen, Vice-Chair Morgan, and Members of the House Committee On Economic Development and Small Business:

My name is Tony Morse, and I serve as the Policy and Advocacy Director for Oregon Recovers. We are a movement of people in recovery from addiction focused on implementing a comprehensive policy agenda that will move Oregon from last to first in access to safe, effective, and immediate addiction treatment and recovery support services. I'm also a person in long-term recovery, which for me means I've not had a drink in over 6 years.

I'm here today to urge you to vote against HB 2013.

This is another bill that prioritizes the sale of alcohol over public health and safety.

HB 2013 degrades the three-tier system of alcohol manufacture, distribution, and sale.

- Oregon's three-tier system is intended to prevent consolidation of economic power. This bill, however, sidelines wholesalers and creates a pathway for out-of-state producers to achieve monopolistic-like market power. That will injure Oregon businesses, and expose Oregon consumers to preventable health and safety risks.
- Removing alcohol wholesalers from the supply chain jeopardizes public health. In the event of an alcohol product recall, the public needs each member of the three-tier system to leverage its unique position in the stream of commerce to expeditiously locate products unfit for sale. A distribution system that sidelines wholesalers increases the chances of Oregon consumers buying and drinking tainted alcohol.

Allowing out-of-state producers to sidestep wholesalers will push alcohol prices down, and that hurts Oregon businesses while further eroding public health.

- Wholesalers buy product from producers, and mark-up price before reselling to retailers. This system prevents big out-of-state companies from engaging in predatory pricing. If big out-of-state conglomerates can sell directly to retailers, they can set their prices aggressively low in order to seize market share from their Oregon competitors. Oregon businesses are forced to lower their prices or risk failure.
- This race-to-the-bottom pricing environment results in more cheap alcohol on more Oregon shelves. And as the price of alcohol goes down, excessive alcohol use goes up. That is well-settled economics, and its public health consequences are legion.

- Alcohol is a toxic, addictive carcinogen that the World Health Organization has linked to female breast cancer. Concerningly, OHA determined that the percentage of adult women in Oregon who binge drink increased by over 77% between 2001 and 2021.
- Alcohol causes health equity issues. Rates of alcohol-related esophageal cancer and pancreatic disease have been shown to be higher for Black men than white men, and Hispanic men have been shown to have the highest rate of liver cirrhosis mortality.
- Alcohol killed 6 Oregonians yesterday, another 6 will die today, and 6 more will die tomorrow. Making alcohol products cheaper will not help.

There's a better way to protect Oregon.

- To the extent supporters claim this bill will prevent economic discrimination lawsuits against the state, there is a better solution: ban all producers, in-state and out-of-state alike, from engaging in direct-to-retailer sales. This will equalize economic treatment of in-state and out-of-state producers, and render lawsuits of concern untenable.
- Protecting the role of wholesalers preserves the three-tier system, prevents the proliferation of cheap alcohol, and advances public health.

Please vote against HB 2013 and help stop Oregon's alcohol crisis. Thank you.