

Senate Committee on Finance and Revenue

In Support of SB1542 - February 12, 2024

Good afternoon, Senator Meek and members of the committee.

My name is Saleem Noorani, past President of Associated Liquor Stores of Oregon. We are in full support of SB 1542.

We face daunting challenges due to the impact CAT tax has on compensation from liquor sales - we generate on behalf of the state of Oregon. This particular tax burden is hurting small mom/pop business owners operating liquor stores throughout Oregon.

To provide some context, when the CAT tax was first created, an exclusion was granted for liquor sales in Oregon. This was fair since all the net profits from liquor sales go to the General Fund. We, the liquor store small business owners do not have the authority to increase or set the retail prices of distilled spirits in Oregon to offset the cost of CAT tax.

However, upon implementation, the Revenue Department interpreted that the sales commission paid to liquor stores for the sale of distilled spirits, as not part of the exclusion. We believe it is unfair to subject a liquor store sales commission check to the CAT tax. Raising the threshold would exclude most liquor stores and other small mom and pop businesses in Oregon. The liquor stores would still be subject to CAT tax on products not supplied by the OLCC or sold on behalf of the liquor commission if they meet the thresholds required to pay the CAT tax.

Thank you.

