

Submitter: Richard Hall
On Behalf Of:
Committee: Joint Committee On Addiction and Community Safety
Response
Measure, Appointment or Topic: HB3197

Dear Oregon Lawmakers,

Local breweries like Baerlic are struggling with a handful of financial issues, including rising costs due to inflation and likely tariffs, supply chain disruptions, and employees needing increased wages—all compounded by the ongoing effects of the pandemic. We have done our best to adapt to the rising costs of utilities, the additional payroll expenses experienced with Oregon Paid Leave and to balance lower take home pay with the rising costs of raising a family and living in Portland.

Baerlic is proud to employ 23 people and currently pay half of our employees health care and try to pay above average salaries. We consider ourselves a neighborhood gathering place and are constantly giving back in a myriad of ways to our community. To ensure the survival of our business and keep my staff employed, stability in the tax code is crucial. Imposing additional taxes at this juncture would only add to the difficulties we already face.

Oregon's brewing industry, which boasts over 300 breweries, is a vital component of our state's economy. The brewing sector supports approximately 50,000 jobs, contributes \$2.8 billion in wages, and generates \$8.7 billion in economic activity annually. Yet, this industry is currently facing significant challenges, having lost nearly 50 breweries, brewpubs, and taprooms in the past two years. The situation has been worsened by a sharp decline in draft beer sales, a 30% reduction in Oregon's hop harvest, and at least a 2.1% decrease in craft beer production. We are looking at our worst revenue year in 10 years.

Here at Baerlic we think that it is crucial to address the fentanyl crisis correctly statewide and with great care. We need to do so however without blaming alcohol or claiming a lack of funding is the issue. The real problem seems to be with the Oregon Health Authority (OHA) and how it handles drug addiction services. Oregon already invests heavily in addiction recovery and prevention—more than 75% of other states. We've put over \$1 billion into these efforts, including \$470 million from the 2021 behavioral health package, \$300 million from Measure 110, \$600 million from the opioid lawsuit, and an additional \$211 million in 2024 for various support services. Yet, OHA has lost track of \$72 million in its substance use disorder programs, which is more than twice what Oregon earns from beer and wine taxes every two years. What did they do with this money? If we truly want to prioritize substance use disorder funding, we need to look at reforming how money is managed and spent, not

just adding more taxes. Given OHA's problematic track record, a third-party audit of its spending is essential before any new tax increases are considered. It is crucial that taxpayer dollars are managed effectively and that the state be accountable to its taxpayers.

HB 3197 would be Oregon's first ever grocery and restaurant sales tax, increasing prices on legal-age drinkers in Oregon by 8%.

HB 3179 states that additional revenue is needed for youth prevention, yet youth drinking is at an all-time low, a trend that's occurred for more than two decades as existing prevention programs are working.

In 2024, Oregon brewers, winemakers and cidermakers worked with Rep. Sanchez on a taskforce to examine alcohol taxes. The taskforce declined to recommend a tax increase and 87.5% of the public comments submitted opposed tax increases.

Draw attention to the irony that this proposal doesn't include hard liquor and further vilifies the beer industry

Beer is not only a cornerstone of Oregon's economy but also a significant part of our cultural identity. The brewers, owners, farmers, front of house staff and countless more behind this industry, including those at Baerlic Brewing, need your support now more than ever. I urge you to oppose any tax increases on Oregon's already suffering beer industry.

Richard K. Hall
Baerlic Brewing Company LLC