

Task force on beer, wine taxes and alcohol addiction gets to work

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A longtime proponent of taxes on beer and wine is now in charge of a state task force studying the public health impacts of alcohol abuse and whether to raise alcohol taxes for addiction treatment.

Rep. Tawna Sanchez, D-Portland, was elected chair of the state's new Alcohol Pricing and Addiction Services task force in its first meeting last week. The 20-person board is made up of state lawmakers, public health experts and representatives of Oregon's beer, wine and cider industries.

The task force is looking at alcohol addiction in Oregon, its cost to the state and the funding of Oregon's lackluster addiction prevention and treatment system. It's also considering whether to boost taxes on beer and wine, which are set by the Legislature.

Alcohol kills more than 2,000 people and costs the state nearly \$5 billion a year, according to the Oregon Health Authority. Advocates and some lawmakers have been pushing for years to raise alcohol taxes. Studies

show drinking goes down when taxes go up, and Oregon levies some of the lowest taxes on beer and wine of any state.

But the beer and wine industry along with distillers have repeatedly pushed back against higher taxes, including a request last year by Gov. Tina Kotek to increase the alcohol surcharge by 50 cents to fund addiction treatment that she eventually withdrew. The industry touts its value to the state's economy, and brewers, in particular, saying a tax increase now would arrive during a stretch of bad business.

Nationally, beer sales fell 5% last year, according to the industry publication Beer Marketer's Insights. More breweries closed than opened in Oregon, which is unusual, according to the Oregon Beverage Alliance.

"This is a pretty complicated issue," Jamie Floyd, part-owner of Eugene-based Ninkasi Brewing, said at Friday's meeting. "It seems like the state of Oregon has actually done a fairly good job of raising money, just not necessarily getting it to where it wants (it) to be."

Taxes on beer, wine and cider producers raise more than \$40 million, according to the Oregon Office of Economic Analysis. The state also distributes and sells liquor at a mark-up, which brought in almost \$625 million from 2021 to 2023.

However, the state spends about 3% of those funds on addiction, according to Ramsey Cox, a spokesperson for the Oregon Beverage Alliance, which opposes new taxes. The tax also applies to out-of-state producers that sell in Oregon.

Alcohol sales amount to the state's third-largest source of revenue, said Matthew Van Sickle, a spokesperson for the Oregon Liquor and Cannabis Commission.

Big public health costs

Alcohol takes a big toll on Oregonians: It's the third preventable cause of death in the state, according to the Oregon Health Authority. Drinking is linked to one-third of motor vehicle crashes and one-quarter of suicides. It also causes about one-third of the deaths from falls.

Alcohol is also a Group 1 carcinogen like asbestos and cigarettes. Cells damaged by alcohol can grow uncontrollably and become tumors – in the breast, colon, head, neck, liver and prostate. Excessive drinking also harms the heart and liver and increases the risk for high blood pressure, stroke, hepatitis, cirrhosis of the liver and fatty liver disease.

Dr. Tom Jeanne, an epidemiologist and deputy state health officer at the Oregon Health Authority, said alcohol producers bring "valuable contributions" to the state's economy and culture. But he said alcohol costs the state \$4.8 billion a year in health care costs, criminal justice costs, motor vehicle crashes and lost productivity.

"We also want to raise awareness of the large harms and burden we face as a state from alcohol," Jeanne said.

In December, the health authority launched a campaign to raise awareness about the harms of excessive drinking, marking the first such campaign by a health department across the country.

According to the Portland-based nonprofit advocacy group Oregon Recovers, about 15% of Oregonians binge drink and 12% have an alcohol use disorder. The Centers for Disease Control and Prevention defines binge-drinking as at least four drinks per occasion for women and at least five for men.

Nationally, the federal agency says alcohol kills 140,000 people in the U.S. a year. One study found that alcohol accounted for one-fifth of all deaths of adults aged 20 to 49 between 2015 and 2019. The researchers said that public health authorities could reduce premature deaths with “evidenced-based ... alcohol policies, such as increasing alcohol taxes or regulating alcohol outlet density.”

Tax increases quashed

Oregon lawmakers can raise taxes on beer, wine and cider. Like any tax increase, that requires a three-fifths majority of lawmakers. The Oregon Liquor and Cannabis Commission also fills state coffers by selling hard liquor at more than double market price.

The commission first imposed a 50-cent bottle surcharge on alcohol and spirits in 2009 that has been renewed since then.

But lawmakers have not increased beer and wine taxes since the 1980s. In 2021, Sanchez — a licensed social worker who says she is in recovery — introduced a bill to dramatically raise taxes and use the windfall to help shore up Oregon’s poor addiction treatment system.

The proposal would have raised the state’s beer and cider tax from \$2.60 per barrel to more than \$70. The wine tax would have spiked from 65 cents per gallon to more than \$10. The bill died in committee after an industry lobbying effort.

Sanchez tried again to pass a smaller tax increase last year, but that effort also fell flat.

During the task force meeting, Sanchez called that bill “an opening salvo” to begin a conversation. Ultimately, she sponsored the law that created the alcohol task force last year.

Aaron Sarnoff-Wood is the co-founder of Corvallis-based 2 Towns Ciderhouse. He said Friday that the cidery has grown into the third-largest in the U.S.

He said Sanchez’s proposed tax increase would have cost his business \$4 million per year, which is more than his company’s profitability. Any more taxes that come from the task force would hit his business as the industry struggles amid declining public interest in alcohol.

“It has been a rough couple of years for the alcohol production industry,” he said.

Oregon has lost more than 20 breweries this year, according to the Oregon Beverage Association. Cox said that’s largely because demand for beer fell during the pandemic, and people aren’t drinking as much as they used to.

“The last thing any local business needs are tax increases,” she said in an email.

Follow developments at the Lincoln County Leader website and in the Wednesday print editions of the Lincoln County Leader.

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