



Ryan Brennecke/The Bulletin

Tyler West, production manager at Good Life Brewing in Bend, pushes a pallet of kegs into the refrigerator while working at the brewery on Friday.

Lawmakers ponder tax hike for brewers, wineries and distilleries

By SUZANNE ROIG
The Bulletin

BEND — The head of Deschutes Brewery says the proposed alcohol tax introduced last week to the Oregon Legislature is akin to kicking the homegrown industry while it's down.

After a year of partial openings and closings and reduced revenues from the lack of keg sales, beer brewers need every advantage to keep the doors open, said Michael LaLonde, the CEO of Deschutes Brewery. They don't need a proposal to raise taxes by as much as 2,800%, as House Bill 3296 would do to tax beer, wine, cider and distilled spirits.

The measure could add up to \$2.31 to the cost of a six-pack, assuming the brewer doesn't absorb the increase in taxes, said Bart Watson, chief economist for the Brewers Association. In Oregon, the brewer, the distributor and the retailer all tack on their own margin to the cost of beer.

"Craft beer is an essential part of Oregon's economy, and closures due to COVID-19 are having a devastating impact on Oregon's breweries and the hospitality sector," said LaLonde, whose brewery is ranked 11th for production in the U.S. craft beer arena, according to the Brewers Association, which ranks craft brewers each year.

The beer-brewing industry generates \$12.5 billion in revenue to Oregon, said LaLonde. The 400 breweries statewide employ 43,000 people, he said.

The measure increases taxes on beer, wine, cider and distilled products to fund behavioral health and substance abuse programs and creates the Addiction Crisis Recovery Fund.

The fund is necessary because Oregon has the third-highest untreated addiction rate in the nation, is ranked 47th in the nation in access to addiction treatment and alcohol kills five times as many people as all drug overdoses combined, according to the measure.

"Oregon has an unprecedented addiction crisis largely driven by alcohol and made worse by COVID-19," said Mike Marshall, executive director of Oregon Recovers, a support network for Oregonians experiencing addiction to drugs and alcohol. "With this, we have the opportunity to dramatically reduce excessive drinking, reduce alcohol-related fatalities and build the system needed to help the 9% of Oregonians who suffer from untreated addiction."

State Rep. Jason Kropf, D-Bend, said in an email to The Bulletin it's important to bring the need for more services out for discussion.

"Far too many struggle without access

to the support and services they desperately need," Kropf said. "At the same time, our beer and wine industry has been hit hard by the pandemic, and I am hearing from many in our community who are concerned about the timing of the proposal. I share that concern."

The measure raises the tax for brewers and hard cider makers from \$2.60 a barrel to \$72.60 per barrel. Wine is taxed at 65 cents per gallon of wine, and under the proposed legislation it would go to \$10 per gallon.

"This is something that is definitely going to affect our business," said Ty Burnett, GoodLife Brewing co-founder.

"We're tied to a three-tier system. We sell to the distributor, who sells to the store and then it is sold to the consumer. At each turn, every one adds up to 30% to the price.

"This would put our product far beyond the most expensive."

The median tax per barrel of beer is \$6.20 in the United States, Watson said. A barrel of beer is 31 gallons.

Brewers fear that consumers will trade down to cheaper products rather than pay these higher prices, Watson said.

Doug Maragas, owner of Maragas Winery in Culver, said he hoped lawmakers opt to not give the measure a hearing, which essentially will mean that the taxes would not be raised.

"I hope the Legislature won't consider it," Maragas said. "I don't understand the reasoning of increasing taxes on an industry that has fallen, especially for the small and medium-sized. I'm really hoping that logic prevails here."

In Oregon, the producer in the state pays the tax on the product, said Christina LaRue, co-executive director of the Oregon Brewers Guild.

"It's a bill meant to kill the alcohol industry," LaRue said. "We're a destination state for people looking for craft beer and great wine. It's a lot of money to be eliminated especially during a pandemic."

If the measure passes, brewers will have to make up the loss in revenue somewhere. The proposed measure is not a sales tax, which the consumer pays, but instead an excise tax paid by the producers, distributors and retailers.

Proponents of the measure say the tax will only add 21 cents to every can of beer, LaRue said.

But actually, at every touchpoint, the price will be raised. The association has launched a petition drive at donttaxmydrink.org.

"There's only so much shelf space and tap handles in bars, so brewers are already vying for the real estate," she said. "You're putting brewers backs up against the wall at \$72 a barrel tax."

Hygiene problems point to deeper issues

Dear Annie: Our son is an educated, well-read, successful married man. We taught him how to keep a home, how to clean, how to groom himself. This has never been an issue.

Since he married five years ago, all things clean have disappeared. His home is filthy. We help out at his house, doing painting, flooring, etc. We are glad to be a part of our son's life and don't mind helping — if he just took care of his things and his home.

He also doesn't seem to care how he presents himself. Recently, his wife had a birthday party for him. He came out looking like he had just gotten out of bed. The bathroom looked like it hadn't been cleaned in over a month.

He was not raised like this. How do we approach him about this without causing hard feelings? — *Embarrassed Mom*

Dear Embarrassed Mom: He might not have been raised like this, but clearly something is going on in his home life. Letting go of your house, and yourself for that matter, could be signs of a deeper issue. He could be dealing with depression, anxiety or ADHD. As a temporary Band-Aid, you could offer to pay for a cleaning service — even monthly could make a huge difference. While that might tackle the surface of what is going on, it's important to look at what is going on inside of him.

Ask him if he wants to go out to dinner or for a walk, and have an open, nonjudgmental conversation with him about how his life is going. And how he is feeling. Hope-

fully, he will open up. Continue to support and be there for him. If matters do not get better, he might need the help of a professional counselor.

DEAR ANNIE



ANNIE LANE
Creators
Syndicate Inc.

Dear Annie: My daughter died at age 41 after 17 years of marriage. Her husband will always be my son-in-law.

I was one of the first people he called when he started dating again because he didn't want me to hear it from someone else. He repeated that when he decided to remarry.

I knew that I would have a difficult time attending the wedding. However, I wanted to go to support him and my three grandchildren.

When I overheard my granddaughters talking about the wedding, I asked if there was a date selected, because I hadn't been told. The response was that it was during a time when I had a long-planned trip scheduled. So, they knew I wouldn't be able to attend.

I don't know if that was on purpose or a coincidence, but it was certainly a relief. The stepmother is a fine person and is loved by my grandchildren. — *I Am a Blessed Papa*

Dear Blessed Papa: I am so sorry for the loss of your daughter. As I have written before, there is life before you lose a child and life after. The after is never the same. You sound like an incredible man, and your son-in-law — the father of your grandchildren — shows great respect toward you. Your focus on your blessings is admirable, and it is precisely what leads one to live a more peaceful life.

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