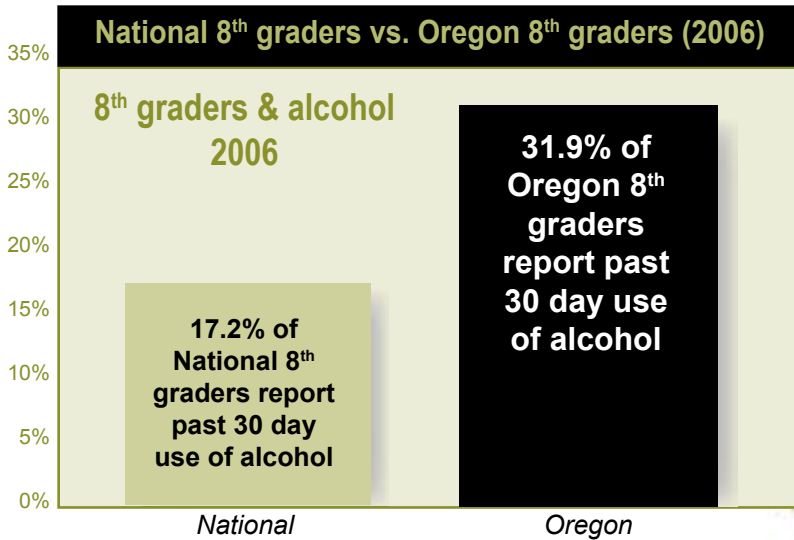




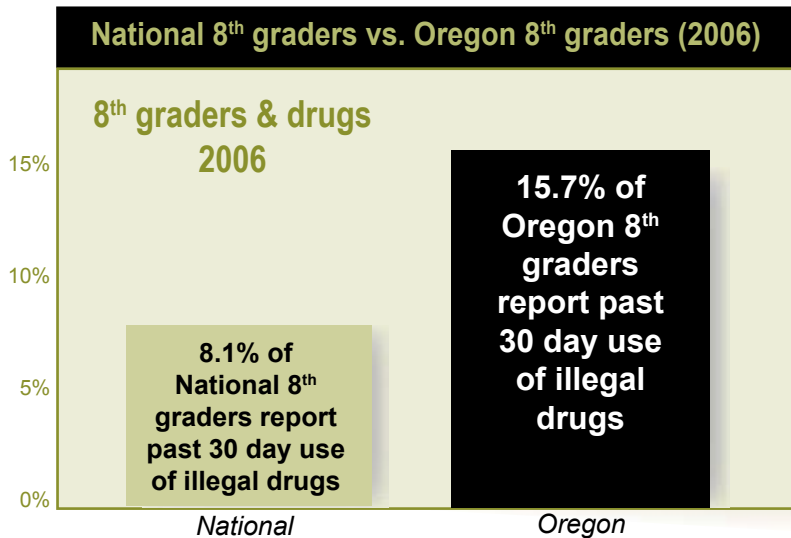
# Protect Oregon's Kids and Small Breweries at the same time!

## The Malt Beverage Cost Recovery Fee HB2535



**The Facts & Figures: Oregon 8<sup>th</sup> graders use alcohol and drugs at nearly twice the national average for 8<sup>th</sup> graders. Increasing the cost of alcohol is the single most effective intervention to reduce underage drinking.**

*Oregon Healthy Teens (2006) & Monitoring the Future (2006)*



### Protecting Small Breweries

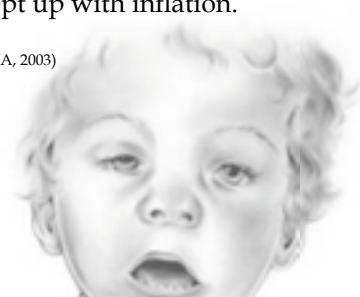
88% of the beer consumed in Oregon comes from outside of Oregon. By increasing malt beverage taxes on breweries that sell more than 125,000 barrels annually in Oregon, this levels the playing field so that small businesses can compete against "high-volume-cheap-beer."

# Good for Kids

## The Malt Beverage Cost Recovery Fee

*Kids who start drinking prior to 15 are four times more likely to develop later alcohol problems and alcoholism (SAMHSA, 2004)*

- Oregon has the lowest "effective tax" on malt beverages in the U.S. Other states that have malt beverage taxes as low or lower than Oregon's have a sales tax, making Oregon's the lowest "effective tax." Oregon's beer excise revenue hasn't been raised for 30 years. The current excise revenue hasn't kept up with inflation.
- 17-20% of all alcohol sold in Oregon is consumed by underage drinkers. (PIRE, 2004 & JAMA, 2003)
- Alcohol abuse & alcoholism cost each Oregonian \$683 annually (emergency health care, auto crashes, criminal justice cost, workers' comp claims, child abuse, etc.) (NIAAA, 2000)
- Among teen mothers, fetal alcohol syndrome (FAS) alone costs Oregon \$12.4 million per year. (PIRE, 2005)
- Youth traffic crashes cost Oregonians \$135.7 million per year. (PIRE, 2005)
- Total funds (mostly federal) available in Oregon for combating underage drinking..... \$33 million  
 Total Oregon underage drinking sales ..... \$278 million  
 Total alcohol industry profits on underage drinking in Oregon..... \$135 million (PIRE, 2005)
- Youth binge drinking is largely responsible for teen alcohol related deaths, car crashes, unintentional injuries, suicides and homicides. Research shows that increasing the cost of malt beverages reduces youth consumption. (Institute of Medicine, 2004) The reduction in use is highest among youth - about a 15% reduction in the number of binge drinkers.
- The early onset of alcohol abuse among young people is inextricably linked to significantly higher rates of drug abuse. (SAMHSA, 2004) Oregon ranks 7<sup>th</sup> in the U.S. for illicit drug abuse in persons 12 and older, and we rank 4<sup>th</sup> in the U.S. for illicit drug dependence among 18-25 year olds. (NSDUH, 2002) Alcohol & Methamphetamine are the two top drugs for which people seek addiction treatment in Oregon. Oregon ranks 45<sup>th</sup> in the U.S. for access to Addiction Treatment. Oregon ranks 49<sup>th</sup> in the U.S. for access to Addiction Treatment among 18-25 year olds. (OMHAS, 2004)



*FAS \$12.4 million*

**The single most effective intervention to reduce underage drinking is increasing the cost of alcohol.**

## Why is Oregon youth substance abuse so high?



*We discovered that one of Oregon's largest grocers was selling cheap beer for 54 cents a can in a 12 pack. (\$6.49/12=54) Jan 2007*



*A recent survey of local grocery stores revealed that cheap high volume beer averages 58 cents a can in 16oz 6 packs. (Dec.2006)*

# Good for **The Malt Beverage Cost Recovery Fee** Craft Brewers HB2535

**88%**  
of beer consumed in Oregon comes from outside of Oregon. The Malt Beverage Cost Recovery Fee will be levied on breweries that sell more than 125,000 barrels in Oregon. This fee will target high-volume-cheap-beer. This will level the playing field so that small breweries can compete in the marketplace against the huge manufacturers of high-volume cheap-beer.

## Legislative Myths



**Myth: Discounting for small breweries is illegal.**

The Malt Beverage Cost Recovery Fee proposes to protect small breweries that sell less than 125,000 barrels a year in Oregon. Some alcohol lobbyists have suggested that this is illegal. **NOT TRUE.** This is similar to current Oregon law which protects small wineries that produce less than 100,000 barrels of wine per year. Alcohol barrelage discounting is used in several states, including Alaska.



**Myth: Oregonians are tired of new taxes.**

62%-81% of Oregonians are in favor of increasing alcohol tax if the revenue goes towards prevention & treatment. Oregonians are not sick of taxes, as evidenced by the fact that they often vote in favor of school bonds. Rather, they are tired of the perceived waste of tax dollars. (Mathematica, American Medical Association, and Oregon Partnership)



**Myth: You're taxing poor man's beer and not the rich man's beer.**

According to the Oregon Brewer's Guild, about half of all draft beer poured in Portland is craft beer. Does that mean half of Portlanders are rich? Hardly! Research shows the heaviest consumers of high-volume-cheap-beer are underage drinkers, heavy alcohol drinkers and alcoholics. (Oregon Brewer's Guild, Oregon Brewery Facts, 2006) (Journal on Alcohol Studies, 1999, Kilbourne, 2003, CASA, 2006)

## Myths of the Alcohol Lobby



**MYTH: If Oregon raises its beer tax it will cost jobs.**

Under the first President Bush, federal beer taxes doubled in 1991. According to the Bureau of Labor Statistics, between 1990 and 2000, beer industry wholesale trade employment rose by more than 8,000 jobs. Moreover, job increases occurred in 1990 before the tax and in 1992 (a year after the tax increase).



**MYTH: Beer taxes are unfair, they burden responsible drinkers and are just a tax on the "poor."**

A study by the Congressional Budget Office found, "The budget share for alcoholic beverages actually rises with adjusted family income" (in other words the wealthy may not drink any more alcohol than anyone else, but they do purchase the most alcohol). The bottom line is - the big manufacturers of alcohol are not concerned with the average "responsible drinkers" of Oregon, because they know most of their money comes from "heavy" drinkers and upwards of 20% of their income is from kids. The heaviest drinking 10% of beer drinkers consume 43% of all beer sold. Simultaneously, these heavy drinkers incur the most costs (emergency health care, auto crashes, criminal justice costs, worker's comp claims, child abuse, etc.) It's time for big alcohol manufacturers and heavy drinkers to pay their fair share of the costs of alcohol in our society.

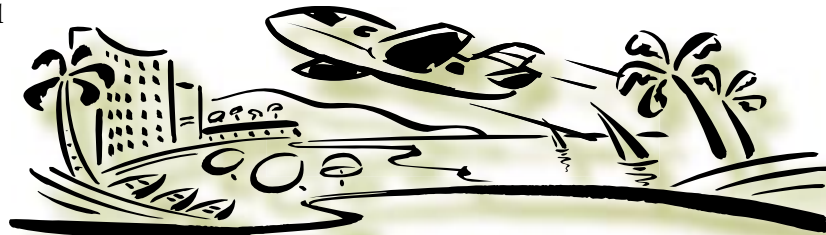


**MYTH: If Oregon raises its beer tax, restaurants and bars will go out of business.**

Alaska has the highest alcohol wholesale excise tax in the U.S. as of 2002. According to the Alaska Tax Division 2004 Annual Report, despite the dramatic tax increase in 2002, beer & wine consumption did not go down among adults. Additionally, a study by Cornell University and the National Bureau of Economic Research showed that the 2002 Alaska tax increase was "more than fully passed on to the consumer." Research around the U.S. shows that when alcohol taxes rise, restaurants and bars generally increase their prices two to four times the amount of the tax. If they are genuinely concerned about loss of business why would they double or quadruple their markup?

# Good for Families **The Malt Beverage Cost Recovery Fee** HB2535

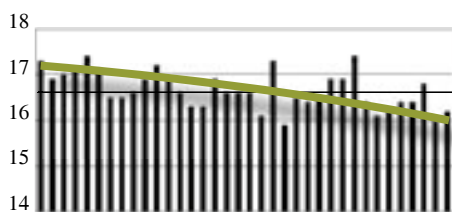
Alcohol abuse & alcoholism cost each Oregonian \$683 annually <sup>(NIAAA, 2000)</sup> through higher taxes and property taxes. It isn't fair that every Oregon family should be burdened by the irresponsible drinking of a smaller number of people who are doing most of the drinking. Worse yet, of all alcoholic beverages, malt beverages aren't paying their fair share of these costs. Currently Oregon raises about \$140 million a year from its sale of liquor. Oregon only raises about \$7 million a year from the sale of malt beverages. The big manufacturers of alcohol want it to stay that way. Between 1999 and 2001, beer, wine and alcohol interests lavished \$1.3 million on lobbying and campaign contributions to state lawmakers.



*The above... does not include unreported Hawaiian Vacation Packages*

In 2004, young people ages 12-20 saw more beer & alcopop advertisements per capita than adults, according to a research report by The Center on Alcohol Marketing and Youth. In 2004, the alcohol industry spent \$1.3 billion on advertising, most of which was viewed by kids. It's time to send a message to the big manufacturers of "high-volume-cheap-beer" that Oregonians are tired of their trying to market malt beverages to our children.

*If you've felt that kids are drinking at younger ages now than 15-20 years ago - you are correct! Age of First Use of Alcohol has dropped about a year since 1965. Kids are starting younger. This is especially problematic in Oregon where 8th graders are drinking at a rate nearly twice the national average. The big beer companies are trying harder to get young people to drink and to drink more!*



Age of First Alcohol Use, 1965-2002  
SAMHSA, Office of Applied Studies

*Clever, yet irresponsible ads like this suggests to young people that a six pack is a single serving. This normalizes heavy drinking.*

*It's time for the manufacturers of high-volume-cheap-beer to start paying their fair share!*



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