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Oregon's wine industry confronts State over alcohol taxation and public health strategy

Questioning the effectiveness of proposed tax increases on wine

Friday, January 26, 2024



In a recent revelation that has sent ripples through Oregon's wine community, an investigative report by The Oregonian disclosed the Oregon Health Authority's (OHA) failure to publicize a 2021 report's findings. This report controversially indicated that significantly raising alcohol taxes would have a minimal impact on curbing excessive

drinking. The news has sparked intense reactions from key figures in the state's wine industry, raising questions about the OHA's transparency and the effectiveness of proposed tax increases on alcohol.

Fawn Barrie, the Executive Director of the Oregon Wine Council, expressed her concern over the OHA's decision to withhold these findings. This decision comes into sharper focus considering the OHA's continued advocacy for increased taxes on local wine producers. With the Task Force on Alcohol Pricing and Addiction Services set to convene on February 1st, where the OHA is scheduled to present, calls for accountability are growing louder.

Jana McKamey, Executive Director of the Oregon Winegrowers Association, criticized the lack of transparency from the state's public health agency. She emphasized the wine industry's commitment to promoting responsible drinking and addressing underage drinking, underscoring the need for effective use of existing resources to combat problem drinking.

The report in question found that a staggering 664 percent increase in wine taxes might only reduce consumption among excessive drinkers by about two percent. This reduction could be even less significant when considering the likelihood of these individuals turning to other substances. The report suggests that higher prices may not effectively reduce alcohol consumption among heavy or binge drinkers, who contribute significantly to the economic costs associated with alcohol consumption.

This news comes at a particularly challenging time for Oregon's wineries. The industry is already grappling with a host of issues, including reduced consumption and tourism, inflation, supply chain disruptions, labor shortages, and the devastating impacts of wildfires. The proposed tax increase, which wineries might struggle to pass onto consumers due to market conditions, adds another layer of complexity. Oregon's lack of a sales tax means that this burden falls directly on the producers. Moreover, Oregon wines are already priced higher than those from neighboring states, primarily due to higher production costs and lower yields.

The allocation of alcohol tax revenue in Oregon is also under scrutiny. Currently, only a small fraction of this revenue is directed towards mental health and drug addiction recovery and treatment. Despite Oregon spending more on these issues than most states, its behavioral health services rank near the bottom nationally.

In response to these revelations and ongoing challenges, the Oregon Winegrowers Association and the Oregon Wine Council are reaffirming their commitment to collaborating with the Task Force. They aim to discuss more effective ways to utilize existing tax revenue for addiction treatment and behavioral health services, seeking solutions that support both public health and the vitality of the Oregon wine industry.