



April 28, 2020

The Honorable Governor Kate Brown
900 Court Street, NE
Salem, Oregon, 97301

Governor Brown,

Thank you for your leadership during these difficult times. We appreciate your efforts to protect the public health of all residents during the COVID-19 pandemic. Many in Oregon are faced with new challenges as a result of the Coronavirus. When it is safe to return to normal, we want to work with you to preserve our industry, and the thousands of good paying, family wage jobs in the beer industry that have been lost.

In order to accomplish this, we need immediate and direct tax relief to help businesses forced to shut their doors, or dramatically reduce staff because of drastic drops in business revenue. Every month we wait for assistance severely jeopardizes individual breweries and the industry as a whole, severely impacting Oregon's economic drivers, tourism and way of life.

Prior to the COVID-19 pandemic, Oregon had 300 breweries in 79 cities, with at least one brewery in every county. Oregon's craft brewers directly employed 9,453 people and the industry as a whole, with hop growers, brewers, beer distributors, and retail establishments provided approximately 43,000 Oregonians with a job, either directly or in-directly. Oregon is third (3rd) in the nation for hop-growing with a 2019 crop value of over \$71 million, providing hops to both small and large breweries.

Overall, the industry contributes \$4.49 billion to the state's economy. 369,000 people visited Oregon breweries, pubs and tasting rooms every day. In 2016, 19 million visitors toured Oregon beer establishments.

Due to the severe threat of COVID-19 and resulting stay at home orders, social distancing policies and state mandated restaurant closures, the entire beer supply and retail chain is being decimated, as brewery supply chains are locking up, distributors and suppliers, breweries, and restaurants are facing layoffs and insolvency issues, bills are going unpaid, and businesses are facing bankruptcy or permanent closures. As many as 7,100 craft brewery employees have been laid off or lost their job due to the COVID-19 pandemic, with an even higher unemployment impact across the sector as a result indirect employment.



We are writing to urge the state to act immediately. Federal relief will not arrive quick enough to help many of the struggling craft breweries, forcing them to close. Loans from the Small Business Administration (SBA) will not solve the severe problems facing the industry. The Payroll Protection Program is largely inaccessible to breweries, brewpubs and many other small, consumer-facing businesses due to the Treasury Department guidance that loans are “designed for businesses that are open and have all or most employees actively working.” Key portions of brewery businesses were closed due to government mandates, making it nearly impossible to retain all staff members. The longer our doors are forced to be shut, with no direct relief, the less likely businesses will be able to permanently re-open, re-hire our employees and sustain the loss of revenue as a result of the stay at home orders.

We would ask the Governor to work with the legislature to help keep Oregon’s beer industry economically viable during these trying times – and help us recover when a sense of normalcy returns to our state. We specifically request immediate relief from tax burdens faced by the industry.

- **Tax Relief for Unused or Spoiled Beer and Cider:** Businesses who cannot sell spoiled beer and cider should be allowed a tax credit for the spoiled product, or a deduction of the value of spoiled product from the corporate activities tax. Beer and cider are the only perishable alcohol products, and in some instances can expire in as little as 30 days. Brewers have beer and cider in production, distributors have products sitting on warehouse floors and some on-premise retailers have beer, with no patrons or customers to serve. Beer and cider that cannot be sold is a huge expense.
- **Temporarily Freeze Excise Taxes:** Taxes are the most expensive factor in beer, costing more than labor and raw materials. Oregon brewers and distributors pay more than \$23,440,000 in beer excise taxes in addition to all other taxes regular businesses pay. Paying these taxes adds another burden that other businesses impacted by COVID-19 closures do not have. Temporarily freezing the beer taxes will provide revenue to struggling members of the beer industry to help them mitigate the many challenges businesses in Oregon face right now.

As an industry, we remain committed to working with you to rebuild our industry, and our state, once the public health care crisis has ended. With your help, we can put thousands of Oregonians back to work growing, brewing, distributing, and serving the best beer in every county in the state.