HB 3610 TASK FORCE ON ALCOHOL PRICING AND ADDICTION SERVICES

With Foreword by
Representative Tawna Sanchez,
Chair of the Task Force

To the Intention of
the Interim Committee of the Oregon State Legislature, Related to Health

CONTENTS

EXECUTIVE SUMMARY

We are pleased to present this executive summary to the Oregon Legislative Assembly regarding House Bill (HB) 3610 (2023), which established the Task Force on Alcohol Pricing and Addiction Services. This Report fulfills the requirements of ORS 192.245, for legislative review.[1] Legislative members may obtain a copy of the full report on the HB 3610 website.

HB 3610 established a 20-member Task Force to study issues related to alcohol addiction, the prevention and treatment of alcohol addiction, and the cost to this state of alcohol addiction. The bill also mandates that the Task Force members assess the benefits and drawbacks of imposing taxes on malt beverages, wine and cider, and explore funding options for treatment programs.[2]

Between January and December 2024, 16 meetings were held during the interim. Each meeting featured presentations from invited speakers who shared their expertise relevant to alcohol addiction, prevention services and alcohol pricing. Task Force members included representatives from the Oregon Legislative Assembly, the alcohol industry, the alcohol addiction advocacy community, addiction service providers, state agencies, including the Oregon Liquor and Cannabis Commission (OLCC), the Oregon Health Authority ("OHA"), the Alcohol and Drug Policy Commission (ADPC), a member of a federally recognized Tribe in Oregon, cities and counties, and hospitals.

The Task Force members were briefed on various issues related to alcohol addictions, prevention strategies, and the potential impacts of tax changes on the alcohol industry.[3] Topics included:

A public health perspective on alcohol consumption in Oregon (by OHA), the role of the Alcohol and Drug Policy Commission and the Statewide Plan to address Substance Use Disorders (SUD), an economic analysis of the costs of excessive alcohol use in Oregon; testimonies by people in recovery from Alcohol Use Disorder (AUD); the role of counties, cities, tribes, and coordinated care organizations with regards to alcohol-related issues that they face, an overview of the state of the Beer, Wine, and Cider Industries, their economic contributions and challenges; the economic contribution of beer, wine and cider to Oregon's restaurants, bars and hotels, as well as challenges facing Oregon's hospitality and leisure sector; an overview of Oregon's control system for distilled spirits, alcohol categories, alcohol pricing & tax, revenue, and distribution (by the OLCC) and taxation options for malt beverages, cider, and wine and their related revenue impacts.

To support effective communication and coordination, a work plan was developed to keep members informed of upcoming meetings, roles and responsibilities of each Task Force members. Agendas, finalized at least 48 hours before each meeting, were published by the Task Force support staff and outlined specific issues under HB 3610 for discussion.

Task Force members also reviewed the Substance Use Disorder (SUD) Financial Analysis Report (OHA, April 2024), which was mandated by House Bill 5006 (2021). This SUD Financial Analysis includes a financial inventory of public spending on SUD services and supports, cost estimates to address unmet need across the care continuum (including primary prevention, harm reduction, treatment, recovery supports, peer-delivered services, and drug courts), and a review of revenue options to address unmet SUD needs in Oregon. Per this analysis, the total annual cost for meeting identified gaps in SUD services and supports in Oregon is estimated at $6.83 billion.

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[1] Enrolled House Bill 3610 (2023), provides that the Task Force shall submit a report in the manner provided by ORS 192.245 and may include recommendations for legislation.

[2] The OLCC is involved in two roles on HB 3610 Task Force: As an advisory in discussions on alcohol distribution and pricing in the state and assigned to staffing and providing administrative support to the Task Force to ensure operational function, organizing meetings, and facilitating the issues to be studied. The OLCC Director assigned the responsibility of providing staff support for the task to the Director of Government Relations to coordinate the efforts of the Task Force and facilitate the discussions necessary to meet the objectives of House Bill 3610.

[3] The full HB 3610 Task Force work plan report, video recordings of the meetings, and copies of the presentations and other contributions can be accessed via the dedicated page here.

FOREWORD: FROM THE CHAIR OF HB 3610 TASK FORCE, REP. TAWNA SANCHEZ

As the Chair of the Task Force on Alcohol Addiction and Pricing Services, I was honored to lead a collaborative effort to both gather much-needed data on Oregon's alcohol addiction and recovery landscape, but also learn about the current state of Oregon's alcohol industry and the challenges it faces. Throughout these meetings, I was proud to work alongside dedicated professionals, all of whom care deeply about Oregon and its people. I hope that this report can spur action that will make Oregon a healthier, more prosperous place to live.

According to the Legislative Revenue Office (LRO) report on excise tax rates as of January 1, 2023, Oregon has one of the lowest beer, cider and wine excise taxes and state sales tax in the nation.[4] However, this economic strategy may come at a public health cost.[5] The low tax means less revenue is generated to address the staggering cost of alcohol related harm. It became clear to me that something had to change. Proposing a tax hike of over 2,700% on wine, beer and cider was a bold move, but Oregon's alcohol-related health crisis had grown too severe to ignore.[6] In November 2021, the ECONorthwest, commissioned by OHA, quantified the economic and social impacts associated with excessive alcohol consumption in Oregon.[7] When the data behind House Bill 3296 (2021) revealed that alcohol consumption was increasing and so were the related harms, I knew that legislative action was necessary.

When I introduced the alcohol tax hike bill in 2021, I knew it would be controversial. From the outset, I knew that such a significant tax hike was unlikely to pass, especially on the first go, and given the lingering economic uncertainties following the COVID-19 pandemic. Nevertheless, it was not designed for easy passage – it was meant to spark a conversation, with the goal focused on initiating a meaningful discussion. The idea of tax increase holds little appeal. No one likes the idea of a tax increase, and legislators want to avoid being seen as adversaries of small businesses.

The industry feared the worse and argued that a tax hike of this magnitude would crush them, especially after the hardships from the COVID-19 pandemic. The alcohol industry's concerns were valid. I tried my best to address their concerns. But it was hard to ignore the other side. The stories of families devastated by addiction, the overwhelmed recovery centers in marginalized communities, the gap we face, and the people lost because they could not access the help they needed.

After listening to the industry's concerns, I revised the proposal for a more modest increase – one that could help reduce excessive alcohol consumption, while funding critical addiction services, prevention and other initiatives for the broader community needs. but would be less of an impact to the industry. However, even with the adjustments, the opposition remained. The post-COVID hardships added fuel to the fear of more taxes. Small businesses were still struggling to recover, and lawmakers were hesitant to back anything that could be seen as another hit to the economy. Despite the weight of opposition, the proposal was not meant to cripple the industry but intended to save lives and generate much needed support for addiction recovery services that are critically lacking across the state.

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[4] Oregon's beer and wine tax is notably low compared to other states, primarily due to historical and economic factors that support local industries. The last time Oregon increased taxes on beer and wine were in 1977, and since then, the state has maintained some of the lowest non-distilled alcohol beverage taxes in the country. Excluding sales tax, Oregon beer currently ranks 45th in the nation, with a tax of $0.008 cents per gallon. The wine tax is $0.67 cents per gallon, placing Oregon 31st in the U.S. Under ORS 473.030(4), (1983) wine was taxed at a rate of $.02 per gallon, with funds collected under this subsection to support the Oregon Wine Board (OWA). Cider is generally taxed similarly to beer; distilled Spirits ranks 3rd in terms of the cost of spirits.

[5] Per the Oregon's Legislative Revenue Office, Oregon ranks 51st, with the lowest taxes for Malt Liquor (Beer) and 50th for wine taxes (including both excise and sales taxes (Oregon Excise tax rates for January 1, 2023, by sum of excise and sales tax). Oregon does not have a state sales tax. This distinguishes Oregon from many other states where sales taxes add to the cost. Taxation based solely on the state's excise tax rates ranks Oregon beer at 45th and Wine at 31st, placing them in the low to moderate range nationally. Some states might have local business and corporate taxes; licensing and distribution fees that are not included in the rankings.

[6] The relaxation of some alcohol regulations during COVID-19 had broad implications in alcohol consumption and related harms. Oregon saw an increase in distilled liquor sales, which grew by approximately 10% in 2020 and 2021. There was a growing recognition that while the increase in alcohol sales contributed to revenue gains, it also led to heightened public health concerns and a focus on the issues related to alcohol addiction in Oregon.

[7] Presenter, Dr. Andrew Dyke, Senior Economist and Partner, ECONorthwest, Prepared for Oregon Health Authority, *Economic Analysis of Excessive Alcohol Use in Oregon (ECONorthwest)*, November 2021.

It became clear that a new approach was needed, leading to the creation of the HB 3610 Task Force on Alcohol Addiction and Pricing Services. The Task Force recognized that addressing substance use disorder is a complex and deeply entrenched issue that affect individual, families, and communities across Oregon. It's also a recognition that the issue cannot be solved through the adversarial process of pitting public health against the alcohol industry.

While the task force did not endorse any specific legislation, I want to emphasize that we met regularly to embark on a rigorous examination of balancing the concerns of Oregon's alcohol industry with the very real crisis of alcohol addiction. Our discussions often raised difficult but necessary questions: How do we hold the alcohol industry accountable without undermining economic contributions? How do we protect our communities from the harms of alcohol addiction while respecting the livelihood of those who rely on this sector?

The message became clear - our responsibilities extend beyond recommending simple policy shifts. The work of balancing these concerns was not about giving up on the idea of a tax increase, but about bringing everyone to the table. We knew going in that it would be a tough conversation.[8]

Reflecting on the task force's work, I think about where I come from and the personal stakes that have driven me throughout this process. A Native American raised in Portland, my life and advocacy have been shaped by the struggles of my community: the generational trauma related to substance abuse and systemic inequities that impact so many Native people. My professional life has been dedicated to addressing these issues – whether through my work with the Native American Youth and Family Center, where we focus on housing, social determinants of health and social services – or my role in the Oregon Legislative Assembly.

Ultimately, HB 3296, like HB 3610 Task Force, is not just about taxes- it is about healing, about saving lives, about giving people the resources they need to recover and rebuild. Whether through tax reforms, a focus on culturally specific services, strategic resource allocation, public education campaigns or a yet to be determined solution, the individual task force recommendations and this summary should serve as a guide for policymakers when considering new legislation to address alcohol addiction and its related harms.

INDIVIDUAL POLICY OPINIONS/RECOMMENDATIONS

In preparing this report, I want to acknowledge that Task Force members did not collectively endorse any specific recommendations.[9] Instead, each member contributed their individual policy recommendations for legislative consideration. These opinions are guided by the provisions in HB 3610 which covers several topics relating to alcohol addiction, prevention and pricing services. Although there was no consensus reached, the conclusions drawn here are based on my review of each response from Task Force members. The following is my summary of the top three suggestions from the individual recommendations:

1. **Re-allocation of Current Resources for Treatment and Prevention:**
    - ***Current Allocation***: Several members suggested that before considering new taxes, the state should examine how the current revenue from alcohol sales is being distributed towards addiction services. The state should increase the percentage of revenue that is currently being directed towards mental health and addiction treatment and align funding with the true cost of excessive alcohol consumption. This could make significant progress in addressing the addiction crisis without putting financial strain on small businesses.

[8] During the April 16, 2024 Task Force meeting, industry members continued to express their concerns about the stifling economic impact on the wine, beer, and cider industries - viewing the initial proposal as an extreme opening bid in the negotiation process which set a tense tone for discussions moving forward. These members also argued that Oregon is home to 300 breweries, 900 plus wineries, and 1,400 vineyards, 60 cideries, 80 distilleries, and approximately 10,000 restaurants, many of which feature local products and create well over 100,000 jobs when considering indirect jobs in tourism, agriculture and distribution.

[9] On June 24, 2024, a letter was sent to each member to identify key recommendations to be evaluated during the Task Force meeting. The point was to begin drafting the policy opinions or recommendations as we looking at the issues to be studied and the priorities of the Task Force.

- ***Recommendations***: Re-allocation of current resources towards:
  - Train and educate staff on culturally specific services that acknowledge historical trauma and incorporate traditional healing practices.
  - Prioritize research on the social determinants of alcohol addiction, particularly in rural and marginalized communities where alcohol addiction rates are higher, and individuals face significant barriers in accessing adequate services.
  - Expand access to treatment services, mental health support, and public treatment services especially in underserved communities.
  - Continue funding programs that have demonstrated proven success in reducing addiction rates.

2. **Need for Additional Studies, Better Data Collection and Monitoring on Alcohol Addiction, Prevention, Treatment and Recovery:**
   - ***Current Efforts***: Some Task Force members highlighted the major gaps in data collection and real-time monitoring of substance use disorder cases and treatment availability (SUD). The lack of a unified data system hampers the ability to track SUD prevalence and treatment needs.
   - ***Recommendations:*** To improve data collection and analysis, some members of the Task Force proposed:
     - Integrating health and criminal justice systems for better data collection practices and sharing to monitor program outcomes.
     - Developing real-time reporting models that track substance use trends and overdose incidence, as well as show available treatment beds.
     - Using enhanced data for better coordination of care among different service providers fand to help inform treatment strategies and allocate resources effectively.
3. **Benefits and Drawbacks of Imposing Wine, Beer and Cider Taxes:**
   - ***Benefits***: The low taxes do not reflect the true cost of alcohol related harms, which include health care and social services. Some members supported a tax increase to fund critical services like youth prevention, local public health initiatives, and additional addiction treatment and recovery services to improve access to essential services. These members maintain that increasing taxes could help discourage excessive alcohol consumption and the related harms.
   - **Drawbacks**: Some members argue that alcohol is the third largest source of revenue for the state, therefore, the OLCC should use existing alcohol tax and mark-up revenue to ensure they are adequately enforcing Oregon's numerous alcohol control laws. Several members expressed concerns that raising taxes might not effectively curb alcohol use and could disproportionately hit low in come consumers already struggling with access to services. These members recommend reallocating existing revenues toward proven substance use disorder programs instead raising new taxes.
   - **Public Health Benefit Recommendations**: While the task force did not endorse a specific tax policy, they urge decision-makers to carefully weigh the potential public health benefits against the economic implications of tax increases.
   - **Education, Awareness and Prevention Recommendations**: There was a strong call for increasing public education and awareness campaigns that calls attention to the risks associated with alcohol misuse. This includes collaborating with schools, community organizations, and local government providers to ensure broad outreach, early intervention, and engagement. Others support an inventory of what school districts are already required to do under current law to determine level of involvement in prevention efforts that exist, and if any additional efforts are needed.

Moving Forward

This report marks only the beginning of a longer journey toward addressing alcohol addiction in Oregon. As we move forward, it will be crucial for all stakeholders – representatives from the legislature, state agencies, public health advocates, the alcohol industry, local and tribal governments, and state agencies – to remain actively engaged in the process.

Our shared goal is to develop solutions that support public health, reflect the diverse interests of our communities, and address the complex nature of alcohol addiction, while protecting Oregon's economy. This effort will require open dialogue and a commitment to taking meaningful steps toward a healthier future.

SCOPE AND OBJECTIVES OF HB 3610

CHARGE AND BACKGROUND – THE LEGISLATIVE FRAMEWORK

This section outlines the legislative framework governing the Task Force charge, including the relevant statute, policies, and the mandate from the Oregon Legislative Assembly. The Task Force on Alcohol Pricing and Addiction Services is a governor-appointed task force in response to the growing concerns about alcohol-related harms in Oregon.[10]

Authorizing Statute

HB 3610 (2023) focuses specifically on alcohol addiction and prevention and requires Task Force members to look at the current state of alcohol addiction and analyze impact of alcohol pricing by studying:
(a) Alcohol addiction and alcohol addiction prevention;
(b) The distribution of resources for alcohol addiction treatment;
(c) The current overall funding for alcohol addiction treatment programs, including the levels of funding for programs by the state and local governments, existing metrics used to measure effectiveness of funding and of programs and the amount that community care organizations spend on alcohol addiction treatment;
(d) The cost to this state of alcohol addiction;
(e) The benefits and drawbacks of imposing taxes on malt beverages and wine; and
(f) Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue and increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries.

Task Force Members

Members of the Task Force comprise a broad range of public health experts, addiction treatment professionals, representatives from the malt beverage, wine, and cider industries, State agency officials, community advocates, and a member of the nine federally recognized tribes in Oregon.[11] Legislative members serve in a non-voting role, with two members appointed by the Speaker of the House of Representatives and two Senators appointed by the President of the Senate. The Task Force is chaired by Representative Tawna Sanchez and supported by OLCC staff and Legislative Fiscal Office.

Questionnaire

To deliberate on the issues in a timely fashion, Chair Sanchez requested that staff collect information from Task Force members to help outline specific and measurable goals for regular engagement. The questionnaire encouraged input from all Task Force members and created a structure that would ensure that Task Force members would fit the specific objective of HB 3610.

[10] OHA dashboard on Alcohol-related deaths in Oregon, Data Sources prepare by Oregon Health Authority, Public Health Division, Director's Office.

[11] On January 4, 2024, Governor Tina Kotek's Public Safety Advisor Constantin Severe sent a letter discharging the former Executive Director of Oregon Recovers from the Task Force following a social media post about the death of an Oregon brewer. Consequently, Jason Renaud, Administrator for the Mental Health Association of Portland, was named to fill the position on the Task Force for a representative of the alcohol addiction advocacy community.

Members provided feedback on various issues and suggestions to the upcoming meeting agendas and materials. A summary of the responses was posted to the Task Force website for discussion during the Task Force meetings and to help the Chair develop agendas for future meetings.

TASK FORCE MEETINGS AND PRESENTATIONS SUMMARIES

Following the appointment of its members, the HB 3610 Task Force meetings, agendas and presentations were organized around the key issues identified for study. This structure leveraged both internal and external experts to gain a better understanding of the challenges associated with excessive alcohol use, addiction, and potential policies to reduce harms.[12] This approach allowed for focused presentations with each member submitting their evidence-based analysis, opinions, reports, local administrative findings, budget overviews, and industry data.

By assigning members and guest experts to present on the issues related to their fields, we were able to incorporate multiple perspectives and specialized knowledge to understand the broader impacts and complexities of balancing the generation of new revenue to support public health needs with the views of alcohol industry representatives. The meetings provided a structured framework for open dialogue into the sector specific issues while ensuring the objectives set by HB3610 were met.

The meetings were held during the interim session on a biweekly basis, with additional sessions scheduled as needed. Detailed minutes were recorded on audio and video for each meeting, documented discussions, decision points, and action items for follow-up meetings. These recordings are available on the OLCC's website.[13] This report outlines the approach and the Task Force work towards establishing policy recommendations for legislative consideration.

January 12, 2024, Meeting # 1 (Agenda): Task Force Overview and Legal Requirements

Due to inclement weather, Task Force Members agreed to hybrid meeting via teams and Oregon State Legislature, Room 278, 900 Court St. NE, Salem Oregon 97301. The first meeting of the Task Force was called to order by the designated interim chair, OLCC Director, Craig Prins. The designated staff, Adam Buell, conducted the roll call. During the confirmation process, OLCC's Director Craig Prins welcomed members and provided an opportunity for each to introduce themself and make a brief statement outlining their vision and goals for the Task Force. After the quorum was established, Rep. Sanchez was nominated and selected by members of the Task Force as chair according to the rules and procedure for a fair and orderly process.[14]

Members reviewed the requirements contained in the legislation (HB 3610) and was briefed on their specific roles and duties. DOJ covered the scope of Authority of Task Force Members and Public Official Status, Liabilities and Protections from Liability.[15] At the end of the first meeting Rep, Sanchez convened the planning staff to help guide the work of the Task Force meetings to ensure that the group's objectives are met efficiently and effectively. Staff reviewed the legislation and made recommendations for a strategic plan for outreach to Task Force members, identifying speakers for the next meeting, general work plan and timeline for future meetings.

Focused Discussion: The Task Force discussed the state of the alcohol industry in Oregon. Some members expressed concerns about the impacts of COVID, supply chain disruptions, and were concerned about small brewers, cideries, and winegrowers going out of business. Task Force members discussed the economic impacts of price increases on the alcohol industry.

[12] HB 3610, Sec 1, subsection (2)(c)(A-M)

[13] HB 3610 Task Force https://www.oregon.gov/olcc/pages/hb-3610-task-force.aspx

[14] AGENDA; AUDIO/VIDEO; Public Meetings: Legal Requirements; Task Force Overview.

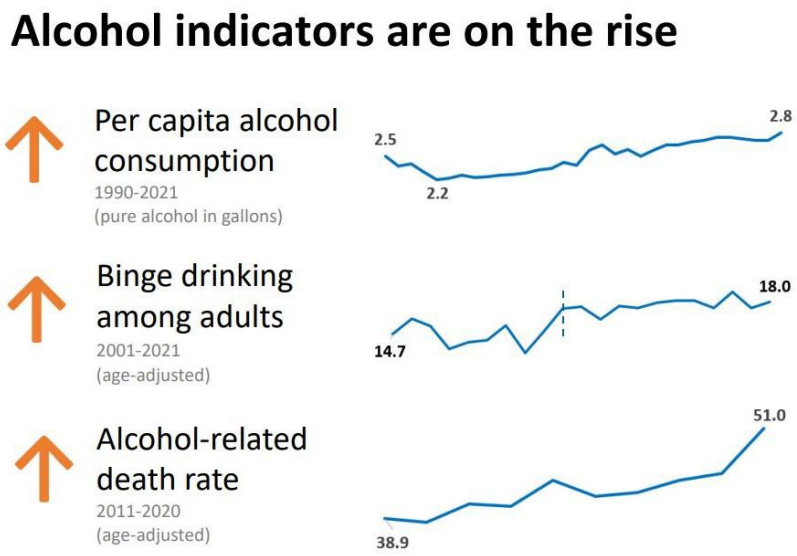
[15] Public Meetings: Legal Requirements.

The Task Force members introduced themselves and discussed the goals they hoped to achieve. Some members voiced a desire to find a "middle ground" that will help all Oregonians. Other members expressed a desire to present public health perspectives and data and believed that all members agree that Alcohol-Use Disorders, excessive drinking, and underage access to alcohol should be prevented. These Task Force members also expressed a desire to increase access to care. Some Task Force members stated they hoped to present an alcohol industry viewpoint, to help the Task Force understand the economic pressures on the industry.

Thursday, February 1, Meeting #2 (Agenda): (a) Alcohol addiction and alcohol addiction prevention

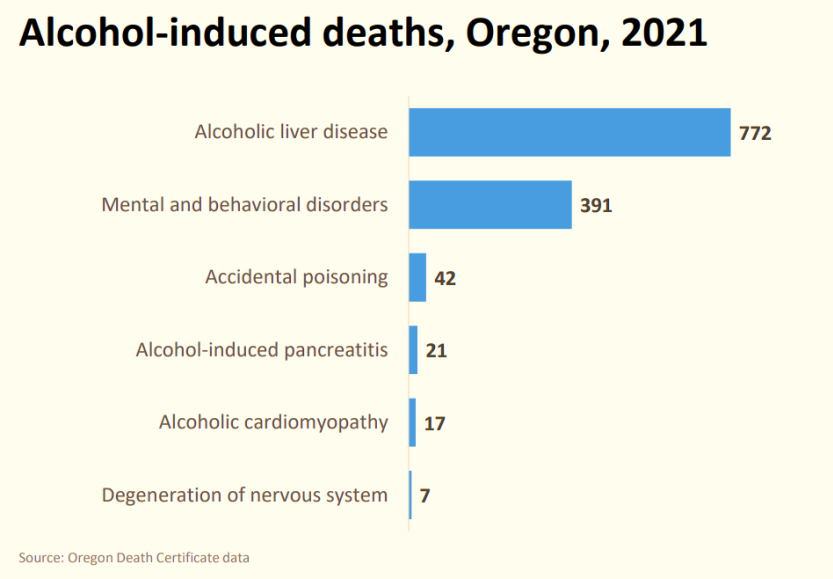
Alcohol Consumption in Oregon, A public health perspective, presented by the Oregon Health Authority's (OHA) State Epidemiologist and Health Officer, Dr. Dean E. Sidelinger, MD, MSEd. Dr. Sidelinger provided an overview of the role of epidemiology in studying population-level health and monitoring data trends relating to prevention of excessive alcohol use and health promotion. Key points from the presentation highlighted the significant economic and human costs of excessive alcohol consumption.

Dr. Sidelinger shared the Centers for Disease Control and Prevention's (CDC) definition of excessive alcohol consumption, which includes binge drinking, heavy drinking and any drinking by pregnant people or people under 21. Excessive alcohol use is a primary risk factor for developing alcohol use disorder (AUD). The most common form of excessive alcohol use is binge drinking. In 2021, 18% of Oregon adults reported binge drinking. The presentation also examined trends among youth, noting that while underage drinking has decreased over time, it remains a concern because early initiation is associated with excessive alcohol use as an adult.



Dr. Sidelinger reported that Oregon's per capita alcohol consumption rose from 1990–2021 and the alcohol-related death rate has increased more than 30% in the last decade, with more than 2,500 deaths in 2020. According to death certificate data, liver disease, particularly cirrhosis, was a major cause of alcohol attributable death. Alcohol is the third leading cause of preventable death and costs Oregon's economy $4.8 billion dollars annually (2019 estimate).

Dr. Sidelinger presented the evidence-based recommendations put forth by the Community Preventive Services Task Force (CPSTF) Community Guide for solutions to prevent excessive alcohol use. The CPSTF strongly recommends raising alcohol prices to reduce excessive drinking and related harms. Other Community Guide recommendations include maintaining limits on days and hours of sales, regulation of alcohol outlet density, dram shop liability, and recommendation against privatization of retail alcohol sales.



Dr. Sidelinger also answered questions about the ECONorthwest report, which was a two-part report that provided updated economic cost estimates for alcohol-related harms in Oregon and described potential economic and health outcomes of a specific policy scenario that increase excise taxes for beer and wine. The analysis of this specific scenario showed that it would improve public health by lowering consumption by approximately 3 to 4% or about 36 drinks per person. The report also looked at the widespread health impacts for heavy drinkers. A 1 to 2% decrease in consumption would be a significant public health achievement among this population because they drink a much larger volume of alcohol. The report estimated that the potential revenue raised from these tax increases is about $240 million per year. Such funds are typically invested in prevention or treatment activities.

The Alcohol and Drug Policy Commission's (ADPC) Director, Annaliese Dolph, presented on the role of the ADPC.[16] The Commission is charged with improving the efficiency and effectiveness of SUD service in Oregon, including the development of the comprehensive substance use prevention and substance use disorder treatment and recovery plan for this state. There are fourteen state agencies designated in statute to work with the ADPC to develop and implement the comprehensive plan for the state. The Commission uses this plan to make recommendations related to state, local and tribal substance use prevention and treatment programs.

The 2020-25 strategic plan includes specific objectives, strategies and outcomes designed to achieve four outcomes: 1) decreased prevalence of substance use disorders, 2) decreased number of Oregonians who die from alcohol and other drugs, 3) decrease health disparities related to substance use disorder, and 4) reduce the economic burden of substance use disorder. The plan proposes accomplishing these outcomes by building a statewide system and supporting prevention, treatment and recovery services. At the time of the presentation, the ADPC was developing the statutorily required biannual progress report on the current strategic plan, which was finalized on July 1, 2024.

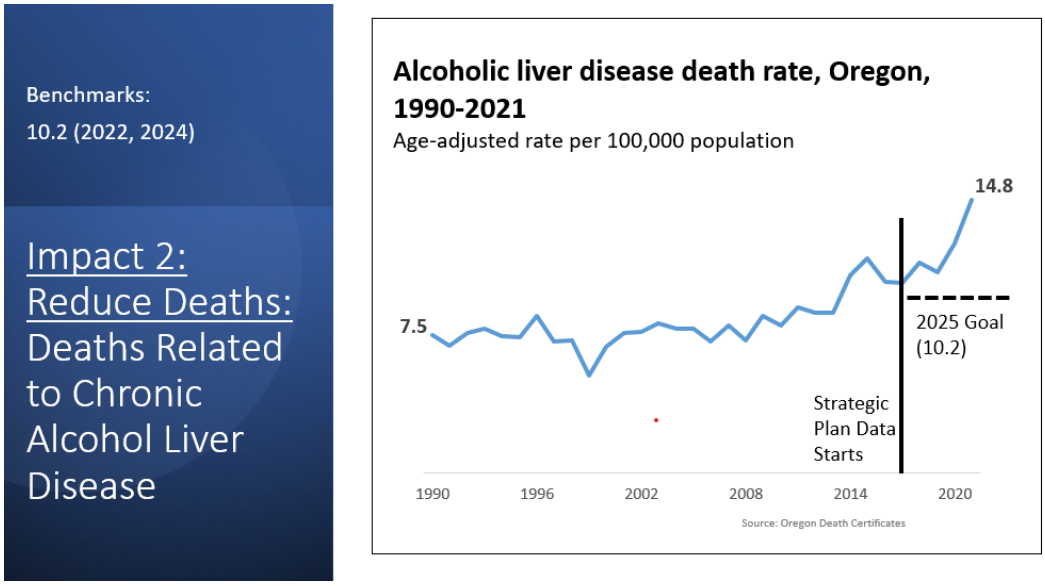
The ADPC will begin to develop the 2026-30 comprehensive plan in the fall of 2024. Director Dolph noted that the three primary outcomes to reduce prevalence, deaths and health disparities will likely continue to be the primary outcomes in the next plan. While reducing the economic burden of substance use disorder is an important outcome, However, replication of the methodology used in the 2020-25 plan is not supported. If measuring economic burden on an ongoing basis is a priority, the ADPC and participating state agencies will need to determine an agreed upon methodology. It was noted that the ECONorthwest report prepared at the direction of OHA focus on economic

[16] ORS 430.221 (2): There is created the Alcohol and Drug Policy Commission, which is charged with improving the effectiveness and efficiency of state and local alcohol and drug abuse prevention and treatment services.

burdens related to alcohol specifically, while the ADPC economic burden measurement includes the burden related to all substances.

The current comprehensive plan includes metrics related to alcohol, but the majority of the plan strategies are not substance specific. The plan does not distinguish between beer, wine and distilled spirits. The plan does include alcohol-specific strategies related to the prevention of a substance use disorder, including decreasing retail and social access to alcohol to underaged persons; decrease of over services in restaurants, bars and retail sales; decrease family and community norms permissive of alcohol use/misuse across the lifespan and increase perception of harm; and increase use of effective prevention across the lifespan. There is also a strategy related to alcohol in order to increase system ability to be sustainable: to increase state wine and beer taxes and dedicate the revenues to expand prevention, treatment and recovery supports.

The strategic plan is the first comprehensive strategic plan for Oregon designed to reduce prevalence of substance use disorder through coordination and collaboration. Director Dolph presented alcohol use disorder prevalence data. While changes in SAMHSA's methodology and the adoption of new diagnostic criteria for a substance use disorder for the National Survey on Drug Use and Health (NSDUH) make it impossible to track SUD prevalence over the course of the current plan, the combination of information from SAMHSA, Oregon death certificates, and alcohol-related deaths show us that SUDs have increased not decreased in prevalence since the plan began in 2020. Of the many different drugs included in the DSM-5substance use disorders tracked, alcohol use disorder is by far the most prevalent with an estimate of more than one in ten Oregonians showing symptoms consistent with AUD in the past year.



Director Dolph noted that Oregon is trending in the wrong direction for prevalence, deaths and health disparities.

Robb Corbett, City of Pendleton Administrator, asked about the slides presented by ADPC. He noted that one slide indicates that 12.5% of people that need treatment but 11% don't get treatment, is that because treatment options are not available? The survey data related to why the person is not accessing treatment indicates that many people are not seeking do not want treatment but the lack of access to resources is also a large component. For example, OHSU did a gap analysis in 2022 that looked into included what was keeping people from accessing treatment. So, a high-level approach is that it not just lacks access but other, which included issues related to transportation and other systems related factors.

Thursday, February 23, Meeting #3 (Agenda)Issues: (a) Alcohol addiction and alcohol addiction prevention [17]

Alcohol addiction and alcohol addiction prevention – Oregon Health Authority Q and A with Dr. Sejal Hathi, MD, MBA, Director, OHA and Dr. Dean E. Sidelinger, MD, MSEd, Health Officer, State Epidemiologist, Public Health Division.

Dr. Sejal Hathi, Director of OHA, attended to answer questions about recent news articles and the ECOnorthwest report. Dr. Hathi acknowledged the concerns and assured Task Force members that OHA is committed to improving transparency, communication and information-sharing practices.

Dr. Dean Sidelinger returned to answer questions relating to his February 2nd presentation "Alcohol Consumption in Oregon – A Public Health Perspective" as it relates to prevention of excessive alcohol use and alcohol use disorder (AUD).[18] He discussed the methodologies used for collecting data on alcohol consumption patterns and related health outcomes.[19] As requested by Task Force members, he provided data on alcohol consumption and the alcohol-induced death rate compared to other states in our region and who produce alcohol. These comparisons show the per-person consumption of ethanol (age 14 and older) and alcohol-induced death rate to be higher in Oregon than California, Washington, Idaho and Tennessee. OHA noted that it uses the most up-to-date version of the CDC's Alcohol-Related Disease Impact (ARDI) methodology to calculate Oregon's alcohol-related death statistics. This analytical tool provides valuable data on alcohol attributable deaths, chronic diseases and acute conditions. Dr. Sidelinger underscored the value of the ARDI methodology to monitor trends in alcohol consumption and inform prevention and policy efforts to reduce excessive alcohol use.

Focused Discussion: The Task Force discussed the press coverage of the released report on the economics of an increased excise tax on alcohol. Some Task Force members expressed concerns about the article's content and perspective. Other Task Force members stated they felt the report was withheld for political reasons and were concerned other reports were being withheld.

Some Task Force members questioned the relationship between OHA and Oregon Recovers regarding the report and its conclusions, and whether that relationship affected its delayed release. Legislative members of the Task Force expressed concerns about OHA's reputation and conveyed a desire for accountability and credibility. The OHA expressed a commitment to transparency, that it would fully investigate the report's creation and release, that the agency was dedicated to serving all Oregonians, and assured the Task Force that the report was not withheld for political reasons.

The Task Force then discussed the preview of the ECONorthwest report as presented by OHA. Some Task Force members wanted clarification on why the OLCC had previously presented consumption numbers decreasing based on tax data with industry data reflecting that decrease, but the OHA presented consumption numbers as increasing. The OHA stated that year-to-year numbers vary, but public health officials look at nationwide trends, and even during COVID their data showed a rise in consumption based on alcohol sales.

Some Task Force members expressed concerns about the methodology used in the study to arrive at consumption numbers and stated that most ethanol consumption comes in the form of spirits, not beer, wine, or cider. The OHA replied that public health officials are concerned about the impacts of alcohol from all sources.

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[17] AGENDA | AUDIO/VIDEO; **Presentations**: Economic Analysis of Excessive Alcohol Use in Oregon (ECONorthwest).

[18] Dr. Sejal Hathi was appointed Director of the Oregon Authority in January 2022. Dr. Hathi's background includes tenure as a senior policy advisor for public health at the White House and brief stint as New Jersey's deputy health Commissioner. A board-certified attending physician, she also held joint faculty appointments as an assistant professor of medicine at the Johns Hopkins School of Medicine & Bloomberg School of Public Health.

[19] Presenter, Dean E. Sidelinger, MD MSEd, Health Officer, State Epidemiologist, *Alcohol Consumption in Oregon Q&A,* HB 3610 Task Force on Alcohol Pricing & Addiction Services Oregon Liquor & Cannabis Commission, February 23rd, 2024.

Some Task Force members expressed concerns about the OHA's alcohol-related/alcohol-caused mortality methodology. The OHA responded that it used national and internationally accepted methodologies.

Some Task Force members expressed concerns about the methodology of calculating binge and heavy drinking in Oregon. The OHA stated that they used a standard methodology, which showed an increase in binge and heavy drinking in Oregon.

Thursday, March 14, Meeting #4 (Agenda) Issues: (a) Alcohol addiction and alcohol addiction prevention; (d) the cost to this state of alcohol addiction and; (e) the benefits and drawbacks of imposing taxes on malt beverages and wine

Task Force Members reviewed the cost to this state of alcohol addiction and the benefits and drawbacks of imposing taxes on malt beverages and wine. Dr. Andrew Dyke, Senior Economist and Partner, ECONorthwest presented on Alcohol Harms and Burden relating to excessive alcohol use. His economic analysis delves in the impact of alcohol taxes on consumer habits. [20] Samantha Byers, OHA Adult Behavioral Health Director provided am overview of Substance Use Disorder Continuum of Care in Oregon; and Samantha Byers & Samantha DuPont, OHA Behavioral Health Analyst previewed the 2024 SUD Financial Analysis (HB-5006).[21]

Dr. Andrew Dyke highlighted the key findings from an ECONorthwest study of excessive alcohol consumption in Oregon, commissioned by the OHA. Dr. Dyke's study emphasizes the substantial economic burden of excessive alcohol use, a leading cause of preventable death associated with numerous health and other problems such as crime and worker absenteeism. Alcohol taxes are often recommended to mitigate the harms associated with consumption by making price of consumption more reflective of the public costs (the costs imposed on people other than the consumer themself) to society. Dyke noted that although there is uncertainty about the full range of benefits associated with alcohol taxes, existing research helps describe the potential effects of a proposed tax increase on the adverse effects of excessive alcohol consumption in Oregon. [22]

- **Economic Burden of Alcohol Use**: A review of the economic costs of alcohol related illness and other impacts of alcohol consumption on public health, safety, and economic instability.[23]
- **Lost Productivity**: Alcohol use contributes to lost productivity due to absenteeism, impaired worker performance and longer-term disability.
- **Law Enforcement and Criminal Justices Cost**: Alcohol related crimes, including drunk driving, assaults, and domestic violence resulting in increased criminal justice expenses. There is cost associated with law enforcement, legal proceedings and incarceration of the related offenses.

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[20] Presenter, Dr. Andrew Dyke, Senior Economist and Partner, ECONorthwest, Prepared for Oregon Health Authority, *Economic Analysis of Excessive Alcohol Use in Oregon (ECONorthwest),* November 2021.

[21] Presenters, Samantha Byers, OHA Adult Behavioral Health Director, Substance Use Disorder Continuum of Care in Oregon; and Samantha Byers & Samantha DuPont, OHA Behavioral Health Analyst, 2024 SUD Financial Analysis (HB-5006), *Oregon Substance Use Disorder (SUD) Financial Inventory and Analysis (Oregon Health Authority - Health Systems Division),* May 2024.

[22] Dr. Andrew Dyke, Senior Economist and Partner, ECONorthwest, Economic Analysis of Excessive Alcohol Use in Oregon (ECONorthwest), *at page 12,* citing economic research showing that while alcohol excise taxes can reduce alcohol consumption overall, heavy drinkers are much less responsive to changes in price than are moderate alcohol consumers. While heavy drinkers do respond to price increases, research that investigates the differential effects of prices by consumption intensity typically finds that heavy drinkers tend to substitute for cheaper drinks rather than reduce their overall consumption of alcohol. Some studies find that the substitution of low-priced, high-volume beverages "…all but [offset] any moderate, tax-induced reductions in total ethanol consumption." For the heaviest drinkers, education and minimizing advertising exposure may be more effective than taxes at reducing excessive consumption given the ability to target the harmful behavior more directly, as cited by, Nelson, J. 2013. "*Meta-analysis of alcohol price and income elasticities with corrections for publication bias*." Health Economics Review. 3(17); Chaloupka, F. & H. Wechsler. 1995. "*The Impact of Price, Availability, and Alcohol Control Policies on Binge Drinking in College*." Working Paper 5319. National Bureau of Economic Research.

[23] Ibid.

- **Social and Public Health Impacts**: Family and Community effects of excessive alcohol consumption disrupt the social fabric of communities; youth and vulnerable populations, including those with lower socioeconomic status who are often disproportionately affected by the harms of alcohol.

Dr. Dyke's analysis drew on numerous studies to estimate the effects of an increased alcohol tax on alcohol consumption, including several meta-analyses that aggregated results across multiple studies to provide a comprehensive overview of the impacts of alcohol tax policy on consumption. By analyzing findings from this research, Dr. Dyke projected the potential effects of increasing alcohol taxes in Oregon.

Dr. Dyke's report also touched on the study's demographic analysis of excessive drinking and underscored the burden of excessive alcohol consumption among certain age groups, genders, and socio-economic statuses. Young adults, for example, exhibit higher rates of binge drinking. Additionally, Black/African American and those impacted by lower socio-economic factors are more likely to engage in excessive drinking due to targeted advertisement and other reasons.

Dr. Dyke writes, the "frequency of alcohol advertising, the pervasiveness of alcohol drinking portrayed in visual and print media, and the targeting of youth, minorities, older-adults and women in alcohol advertising and product creation has been shown to have both short and long-term impacts on drinking behaviors."[24] Dr. Dyke also noted that heavy drinkers are relatively insensitive to price changes.

The report confirms that existing alcohol taxes are low compared to the costs of excessive alcohol consumption imposed on Oregonians. Higher taxes on alcohol would generate revenue for public health prevention initiatives and reduce consumption. As such, the report recommends developing a balanced approach to harm reduction that combines alcohol pricing policy, including taxes, with other public health strategies to address excessive drinking. Implementing a portfolio of strategies allows policymakers to target users that consume the most alcohol and ensure that in combination, the strategies do not exacerbate existing inequalities.

Focused Discussion: The Task Force discussed the ECONorthwest study presented by ECONorthwest, including the impact of tax increases on alcohol prices. The Task Force also discussed the economic impacts of alcohol, such as increased tourism and economic activity, as well as economic harm from alcohol abuse and other negative externalities.

The Task Force then discussed the Substitution Effect, the potential of customers moving to "higher-shelf" alcohol products or to cannabis if prices for lower-cost items increased, and how that would affect the economic data.

The Task Force discussed the study's findings of disproportionate consumption of individuals with AUD, and the disproportionate impacts on marginalized communities.

The Task Force also discussed alcohol addiction services funding streams and shortfalls, including rising cost of services. Some Task Force members asked if Oregon was comparable to other states in SUD funding. OHA responded that the Fentanyl crisis is skewing numbers, and it's hard to determine how well Oregon is doing comparable to other states.

The Task Force discussed Behavioral Health spending in Oregon over time. The Task Force requested more granularity on spending and funding, which OHA noted it would be providing upon the study's final release. Task Force members inquired about seemingly high numbers presented for salaries. OHA replied that they would look into those numbers and provide further clarity.

[24] Ibid., at page 14.

Thursday April 4, Meeting #5 (Agenda): (d) The cost to this state of alcohol addiction[25]

Jason Renaud, person in long-term recovery, representing the alcohol addiction advocacy community, and Solara Salazar, MS CADC II QMHA-r, Founder & Executive Director Cielo Treatment Center, asked Task Force members to listen to invited guests with lived experience speak about their trials with alcohol addiction and the cost of human suffering that alcohol creates.

Cost to Oregon of Alcohol Addiction: Testimonies

Mr. Renaud gave Task Force members a brief overview of the invited speakers who were scheduled to testify on their personal experiences with alcohol use disorder. While straightforward, Mr. Renaud emphasized that the testimonies convey the complexity of the broader socioeconomic impacts, human suffering, and related injuries caused by alcohol. The speakers shared about their own personal suffering, the costs to their family and community, as well as lack of prevention services and the limited availability of resources for alcohol addiction treatment programs.

Testimonies given by:

Joe Ulestad, Camile Ireland Esquivel, Scott Miller, Sonja Grove, Steve Doyle, Pam Pierce, Steve Doyle, Madeline Shepherd, Justina Rameriz, Izzy Alvarado, Josh Biamont (recording).

The following is not all inclusive, but highlights from the testimonies:

Camille Ireland Esquivel, a person with lived experience in long term recovery from alcoholism, shared about detrimental impacts of alcohol for rural Oregonians and for the LGBTQ+ community:

> *"…the detrimental impacts of alcohol in my life growing up in rural areas was not only easily accessible but also ingrained into the fabric of daily life. Unfortunately, this normalization of alcohol consumption had profound consequences within my family and throughout my upbringing … The use of alcohol gave me a mask to hide my identity as a lesbian person and to keep me on a path of confusion and denial. It wasn't until my youth stopped that I was able to step into my truth, find my people within the LGBTQIA+ community and live a life of freedom. Reflecting on my journey, I truly believe that preventative measures, access to alcohol treatment programs, and increasing the price of alcohol could have played a pivotal role in guiding me toward healthier choices…"*

Sonja Grove, the mother of a son who died of alcohol related causes in 2020, testified about her experiences of not being able to find treatment services for her son (who had OHP Medicaid insurance). He died of alcoholism, unable to access the treatment services that he needed.

Celebrating 28 years in long term recovery from alcohol use disorder, Pam Peirce, a youth preventionist acknowledged that in her view, the issue:

> *"… is not having the information to make informed decisions. I believe prevention education is the cure. I lead a nonprofit focused on youth substance use prevention education and through that work I opened Oregon's first recovery High School."*

She added that having participated in numerous public health meetings and Task Force discussions, the public health crisis remains. She acknowledged the economic importance of the alcohol industry in Oregon, but shared that revenue being generated is not being used to help those suffering from alcoholism.

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[25] AGENDA | AUDIO/VIDEO.

She stated: "…if we continue to deny our state's reality, once known for its beautiful wineries and breweries, it's becoming more known for the harms we can no longer hide."

Impact of Personal Use of Alcohol for Black Indigenous, and People of Color (BIPOC)

Voices from BIPOC communities were incorporated into the discussion of individuals with lived experience and spoke about how readily available alcohol is in their community, the difficulty of accessing treatment services, and finding culturally sensitive approaches to reducing access to care. Testimonies emphasized the personal struggles with alcoholism, family and community systems negatively affected by alcohol, and the disproportionate ways that alcohol impacts marginalized communities.

Joe Ulestad, a peer support worker from the Confederated Tribes of Grand Ronde shared about the intergenerational trauma that alcohol caused in his family, including violence, sexual abuse, and early deaths from Cirrhosis of the liver:

> *"…It's still affecting me and my family. It's really harsh that even though I'm sober now, everyone in my family is not, and my community is, well, it's just that everyone medicates with alcohol. And it starts at a really young age…"*
>
> *"…How easy and accessible it is and how traumatic it is to our whole native community. And it's been like that for years. I've lived in Warm Springs (OR), I've lived in Chiloquin (OR), Hoopa (CA), and the same struggles are the same everywhere. It's accessible and anyone can get it (alcohol)..."*

In the discussion time after the testimonies had concluded, Chief Doug Barrett shared about how Lane County committed to offer treatment services for alcoholism and drug use instead of jail sentences, but since then, he still has not seen an increase in treatment beds or access to care. He shared his frustration that there is a liquor store right outside the reservation that sells to everyone on the reservation, but he still can't get any of his people into treatment. In addition, he highlighted the need for dual-diagnosis treatment.

Discussion Proceeding Testimonies: There was a broad array of discussion topics preceding the testimonies. The following is a summary of those discussion:

Recovery high school related questions for Pam Pierce. Pam Pierce discussed how growing up in Lake Oswego and being wealthy doesn't protect you from the dangers of alcoholism and the genetic component that goes with it. Pam Peirce shared about how she provides prevention services and supports recovery high efforts in a way to honor her teen self by providing services that she never had access to as a child. Youth focused programs were highlighted with several key areas discussed, including age-appropriate prevention and educational support for alcoholism and addiction.

Discussion regarding the criminal justice system's role in interventions and treatment services. Robb Corbett was astonished that the speaker, Joe Ulestad, had been in and out of the jail system his whole life, but didn't hear about recovery until he was 40 years old. There was more discussion about the DOJ and how it is about to become the largest provider of addiction treatment services in Oregon. Rep Sanchez expressed frustration that we are treating addiction and alcoholism on the back end instead of the front end.

OLCC Executive Director, Craig Prins, shared his experience as the former Inspector General of the Department of Corrections (DOC). Of importance, the roughly 7000 folks in custody did not have access to full treatment as people were entering and re-entering the community. DOC treated substance use disorder as a chronic illness in an effort to create access to treatment across the system. The Task Force discussed the impacts of receiving a DUII charge and how such a charge proceeds through the criminal justice system, up to and including conviction. Also highlighted the importance of peer recovery in addiction treatment for the criminal justice population.

The Task Force discussed hospitals and their approach to treatment and referral of individuals presenting with alcoholism and acute alcohol detox. Historically, hospitals have only treated individuals who needed alcohol detox if they also had a severe health problem accompanying alcoholism that required emergency care. There are now peers and case managers in some hospitals discussing treatment options with patients who are admitted to the ED.

The Task Force discussed the alcohol industry and alcohol server training, and the impacts of alcohol on the service industry. Izzy Alvarado shared that three of his server friends have died young from alcoholism, and although they received mandatory training on beer and wine, none of them were educated on the harms of alcohol or trained what to do when themselves or a friend or peer because dependent on alcohol.

The Task Force discussed treatment center capacity and the ability of the public to discern treatment bed availability. Some Task Force members expressed concerns that systems are not in place for the State, healthcare providers, or the public to easily understand treatment bed availability.

The Task Force discussed the disparate revenue from Medicaid/Oregon Health Plan patients and private insurance patients. Some Task Force members stated that treatment facilities are struggling because staff salaries have increased more than insurance reimbursement rates, and treatment facilities are thus in a worse financial position.

The Task Force discussed the difficulties presented by patients with simultaneous mental health and addiction issues, which some members said included most, if not all, patients currently at treatment facilities. Also, individuals with lived experience discussed the disparities in treatment availability in rural counties and on Indigenous land.

> ***Thursday April 11, Meeting #6 (AGENDA) Issues: (c) The current overall funding for alcohol addiction treatment programs, including the levels of funding for programs by the state and local governments, existing metrics used to measure effectiveness of funding and of programs and the amount that community care organizations spend on alcohol addiction treatment***

Task Force members reviewed issues related Alcohol addiction and prevention services; additional funding options for alcohol addiction treatment.[26] After reviewing the Task Force work plan, members heard from OHA's Prevention Systems Manager, Tatiana Dierwechter, highlighting the agency's role in collaborating with other system partners in addressing AUD. Tatiana conveyed her agency's appreciation for the partnership with Task Force members and with system partners in filling out the primary prevention goals at the local level and the story of how they fit in the continuum system. For example, local government and community partners help support culturally and linguistically tailored programs for effective intervention.

Various system partners include coordinated care organizations, tribes, and community-based organizations. OHA's May 28 presentation included a broader discussion on how funding resources are provided and allocated to communities within the continuum. There are a number of providers, but no specialized list for partners on the continuum. The goal of the analyses is to have a snapshot view of the public partners that fall along the continuum. While there are private partners, the discussion focused on the importance of the county investments.

The Coalition of Local Health Officials (CLHO) members, Clackamas and Klamath Counties co-presented their joint roles in providing advocacy and leadership on public health issues. Armando Jimenez provided an overview of CLHO and the various roles and connections among counites. CLHO recently adopted a strategic framework to help identify priorities among membership, build capacity, and find sustainable funding resources. Jennifer Little, Klamath County Public Health

[26] AGENDA | Audio/Video.

director, and Local Alcohol and Drug Planning Committee (LADPC) administrator, highlighted the responsibilities of local public health authorities. Through OHA, the local governmental public health system actively promotes drug and alcohol prevention via different program elements and funding streams. Some programs and treatment providers often collaborate with various local partners to ensure individuals receive treatment. The presentation included current funding for public health prevention initiatives.[27] They emphasized the need for building up the infrastructure under the Public Health Modernization framework (ORS 431). This will ensure that health equity and cultural responsiveness are done efficiently and effectively across all programs. What is unique about the modernization framework is that it gives local health officials the flexibility they need to provide appropriate prevention programming through a coordinated approach.

The joint presentation from Clackamas and Klamath Counties included a brief overview of the substance use prevention framework. Members reviewed the various tiers of prevention and the distinction between primary, secondary and tertiary prevention. Unfortunately, funding options to support prevention have been limited, with funds instead having been targeted at treatment. The CLHO members noted that alcohol and addiction prevention services go beyond just school-based curricula (although those are still key components) and focus on prevention throughout the lifespan. One example is the Women, Infants and Children programs (WIC), which provide support to new parents, screen for substance use, provide substance use prevention education, and if needed, referral to treatment services.

CLHO members routinely review data and trends to understand what is working for alcohol prevention among youth. Alcohol and Drug Prevention and Education Program (ADPEP) focuses specifically on school age youth and a broad range of substance use. Funding for the past decades has been flat, and often inadequate to fund a robust program. For example, Klamath County's ADPEP program receives $164,500 for two years, which doesn't support a full FTE. And in a county the size of Connecticut, with an hour and a half drive to a school in north county, these prevention dollars are stretched too thin, which dilute efficacy of programming. The public health prevention budget is a very small proportion of the overall state health care budget.

The Tobacco and E-Cigarette initiatives are an example of tax revenue that provides additional funding for prevention.[28] The increased cigarette tax allocated 90% of the revenue to state's medical assistance program and 10% to address tobacco prevention and cessation and management of tobacco-related health conditions. Tobacco industry and retailers are willing partners in the prevention work, particularly when it comes to youth access, through education and compliance work. Similarly, tackling alcohol addiction and prevention would require a public health initiative with an accountability process. Rather than assuming that the programs in place are working, staff should provide a comprehensive work plan, quarterly reports, annual program review to determine if the prevention programs are working. An alcohol tax revenue would allow counties to leverage state funds to increase local investments in educational materials, staffing, training, and increase data tracking and accountability. This does not exclude additional funding from the state and exploring federal grant options to create a sustainable funding model for a comprehensive support system in Oregon.

Focused Discussion: Before the CLHO presentation, members discussed the development of the Recovery Network of Oregon, the state's most comprehensive database of resources for individuals in recovery. City Manager Robb Corbett, recovering from alcohol use disorder, asked about the containers with 16% alcohol in a local grocery store and marketing to youth CLHO provided a response around how retailers display their products. Industry members clarified that marketing is highly regulated under state and federal law. They acknowledged that Oregon is one of the strictest

[27]Presenters, Armando Jimenez, Jennifer Little, Klamath County Public Health director, and Local Alcohol and Drug Planning Committee (LADPC) administrators, *Local Public Health Prevention Work - Clackamas County Public Health & Klamath County Public Health, April 11, Presentation.*

[28] John Borden, Legislative Revenue Office Analyst, *Legislative Revenue Office Research Brief*, Tax Increase for Health Programs Measure under Oregon Measure 108 approved November 3, 2020.

states when it comes to tobacco and alcohol regulation. Federal and state law are acutely influenced by how marketing influences (both positively and negatively) substance use disorder. There was also an acknowledgement by CLHO of the distinction between abstinence and responsible, legal consumption of alcohol. CLHO members do not currently partner with OLCC in local counties or regions. Each county has different resources and capacity and may use county general revenue funds to invest in their counties or anchor with OHA to work on strong alcohol policies.

Task Force members further assessed ongoing research efforts on alcohol marketing, including marketing to children, and potential partnerships with the OLCC to address these concerns. Some Task Force members expressed concerns that alcohol regulations, especially in marketing, are already substantial, and questioned whether all those regulations are being enforced.[29] Nevertheless, they were thankful for the key insights from the presentation speakers and the data and perspectives they provided on alcohol consumption and addiction issues at the local public health county levels.

The Task Force had question around prevention and Measure 110 and fentanyl programs at the school level and the funding and staffing needs for alcohol addiction treatment facilities. Some Task Force members expressed concern that the federal block grant has not increased in more than ten years, resulting in a funding shortfall as inflation is not accounted for.

Regarding treatment services, the Task Force members asked if the lack of capacity was due to lack of facilities or low insurance reimbursement rates. The Task Force agreed that more data on addiction service gaps was needed. Chair Tawna Sanchez provided a correction regarding estimates for base salary stating that federal funding was only one part of the gap in services. The others are lack of collaboration infrastructure between the state and local entities, and lack of staffing.

OLCC Director Craig Prins asked about whether folks on the front end of the prevention program are seeing similar data on the decline in youth drinking. CLHO acknowledged that while trend is there, it is difficult to attribute the decline in youth binge drinking rates, and the attribution of that to prevention efforts that were invested in and supported. Some other Task Force members stated that they were concerned that while youth binge drinking is down, youth marijuana use, and mental health issue rates are up in the same time period. Some industry members shared Generation Z's declining consumption rates due to body image concerns. Additionally, while there is a disinvestment in prevention programs, teen drinking is the lowest it has ever been, so it is important to invest strategically.

Some Task Force members noted that some treatment facilities have open beds, but that was not true for all treatment centers, and costs of treatment due to more acute issues was increasing, with some facilities running deficits. Other Task Force members stated that the reality is there are not enough resources available to treat all individuals with addiction in the state of Oregon. This is why prevention is so important.

Thursday April 18, Meeting #7 (Agenda) Issue: (d) The cost to this state of alcohol addiction (State, Cities and Tribal Governments)

Force members heard from the League of Oregon Cities (LOC), OHA and the Confederated Tribes of Warm Springs on the issues related to alcohol addiction and alcohol addiction prevention; additional funding options for alcohol addiction treatment perspectives.[30] Both the LOC and Tribal Sovereign presentations recognize the impact of alcohol addiction on public health, safety and economic stability. While LOC focused on balancing regulatory measures and economic interest,

[29] Audio/Video.

[30] AGENDA | Audio/Video; Presenter, Scot Winkels, Government Relations, League of Oregon Cities, *City Perspective: Alcohol Costs and Revenue; HB 3610 Task Force on Alcohol Pricing in and Addiction Services, April 18th, 2024.*

The CTWS and OHA emphasized the importance of culturally appropriate interventions and the exercise of tribal self-determination.

Scott Winkels, League of Oregon Cities, provided the local government/city perspective on alcohol costs and revenue. This is an issue that has been an issue the LOC have seen in the last few decades where folks have recognized alcohol beverages are having an impact on services levels. The nuanced view of alcohol's impact affecting local government, balancing both the benefits and the significant cost to cities without a means of recovering that cost. Alcohol cost to Cities include DUII serious injury or death which impose significant costs incurred through expenses related to accidents, increased rates of hospitalization, crimes and long-term health issues. LOC staff noted that while difficult to quantify, alcohol acts as an incident "multiplier" for domestic violence, noise complaints, disorderly conduct necessitating more resources for law enforcement and emergency services.

While alcohol sales contribute significantly to local government revenues, Cities are unable to mitigate alcohol related costs due to a preemption on their authority to tax and regulate alcohol.[31] There has been a sea change from OLCC's previous administration where the agency has become more focused on public safety. Implementing and maintaining regulations around alcohol sales and consumption requires resource for effective prevention and treatment programs. According to FBI data, Oregon employs approximately 1.5 police officers per 1000 residents making it one of the lowest policed states in the US.[32] While distilled alcohol contribution to local government is significantly higher than other types of alcohol, cities are limited in managing the associated costs to maximize the benefits from the positive economic impact. As such, there is no reason to conclude that the situation has changed since 2011.[33]

Julie Johnson, Paiute/Shoshone, Tribal Affairs Director for the OHA, and Caroline M. Cruz Confederated Tribes of Warm Springs, Health and Human Services General Manager, Confederated Tribes of Warm Springs Reservation presented on the significant impacts of excessive alcohol consumption in tribal communities and within those social structures.34 Federally Recognized Tribes are individual Sovereign Nations The United States Government has a unique legal relationship with tribal governments as set forth in the Constitution of the United States, numerous treaties, statutes, federal court decisions and executive orders. This relationship is derived from the political and legal relationship that Tribes have with the federal government and is not based on race. Federally recognized tribes are those Native American tribes recognized by the United States Bureau of Indian Affairs for certain federal government purposes.

Julie Johnson provided a brief overview of Oregon's Government to Government (GTG) state law, policy and procedures with the Nine Federally Recognized Tribes in Oregon.[35] Established under Senate Bill 770, Oregon is the first in the nation to formalize the relationship between state agencies and the Nine Federally Recognized Tribes in Oregon.[36] The legislation mandates that state agencies engage in direct consultation with tribal governments to ensure that tribal interest are considered in the development and implementation of policies that affect them. The

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[31] ORS 430.402 prohibition on local governments as to crimes involving use of alcohol, cannabis or drugs.

[32] Clarification that cost is related to alcohol substance use disorder.

[33] Presenter, Scott Winkels, League of Oregon Cities The Financial Impacts of Alcohol Related Costs on Cities and Counties, April 2011.

[34] Presenters, **Julie Johnson,** Paiute/Shoshone, Tribal Affairs Director for the OHA, and Caroline M. Cruz Confederated Tribes of Warm Springs, Health and Human Services General Manager, Confederated Tribes of Warm Springs Reservation, Federally Recognized Tribes in Oregon; As used in ORS 182.162 (Definitions for ORS 182.162 to 182.168) to 182.168 (No right of action created by ORS 182.162 to 182.168): **(1)**"State agency" has the meaning given that term in ORS 358.635 (Definitions for ORS 358.635 to 358.653). **(2)**"Tribe" means a federally recognized Indian tribe in Oregon. [2001 c.177 §1]Note: 182.162 (Definitions for ORS 182.162 to 182.168) to 182.168 (No right of action created by ORS 182.162 to 182.168) were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 182 or any series therein by legislative action.

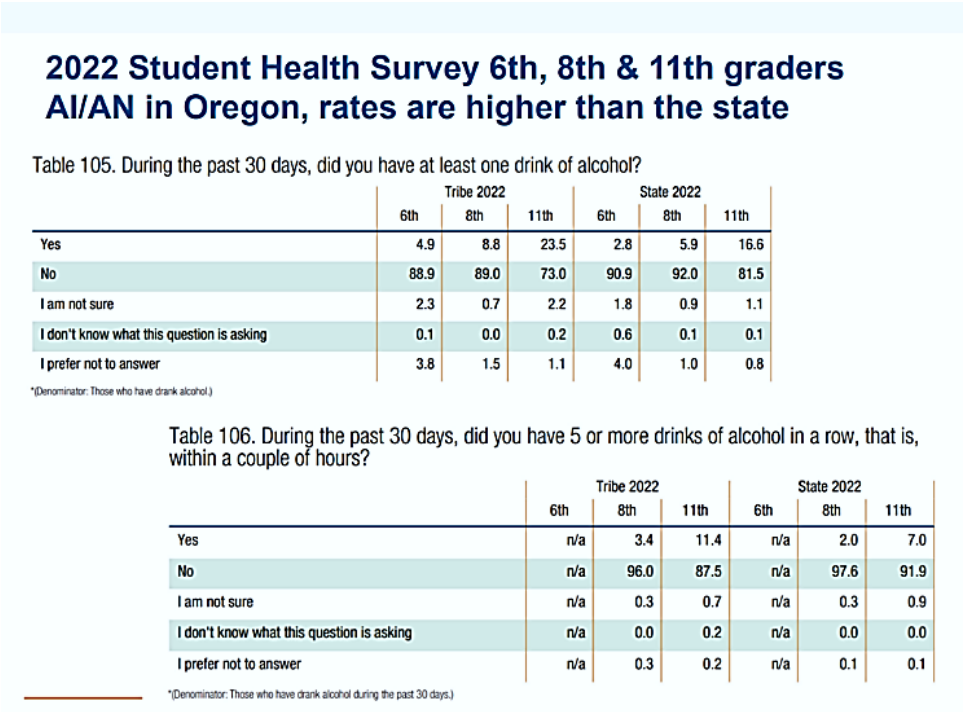
[35] Oregon's structured approach to state agency's policy and procedures for tribal government-to-government relations are outlined in the Governor's Executive Order #96-30 (1996) and Oregon Revised Statue (ORS) 182.164 to 182.168.

[36] Senate Bill 770 (2001) (ORS 182.162 to 182.168) stablished the framework for communication between state agencies and federally recognized tribes.

consultation aims to foster collaboration and mutual respect between state and tribal governments, promoting better communication and understanding.

The coordinated presentation acknowledged the role and partnership of the Native American Rehabilitation Association (NARA) of the Northwest, a nonprofit organization serving American Indians, Alaska Natives and other populations in the Portland Metro region. NARA collaborates with OHA on supporting the delivery of health services. The Historical trauma experienced by Native population is described as the cumulative emotional and psychological wounding, rooted in catastrophic loss of approximately 95% of tribes. This has resulted in deep, lasting impacts extending over an individual lifespan and across surviving generations. Historically, alcohol addiction has disrupted cultural practices and contributed to erosion of tribal communities.

NARA is the states only federally designated Urban Indian Health Program and is an important partner in addressing health disparities. A 2022 Oregon Health Survey provides insights into the drinking patterns of American Indian/Alaska Native (AI/AN) students in grades 6 through 11 in the last 30 days.



2022 Student Health Survey 6th, 8th & 11th graders AI/AN in Oregon, rates are higher than the state

Table 105. During the past 30 days, did you have at least one drink of alcohol?

	Tribe 2022			State 2022		
	6th	8th	11th	6th	8th	11th
Yes	4.9	8.8	23.5	2.8	5.9	16.6
No	88.9	89.0	73.0	90.9	92.0	81.5
I am not sure	2.3	0.7	2.2	1.8	0.9	1.1
I don't know what this question is asking	0.1	0.0	0.2	0.6	0.1	0.1
I prefer not to answer	3.8	1.5	1.1	4.0	1.0	0.8

*(Denominator: Those who have drank alcohol.)

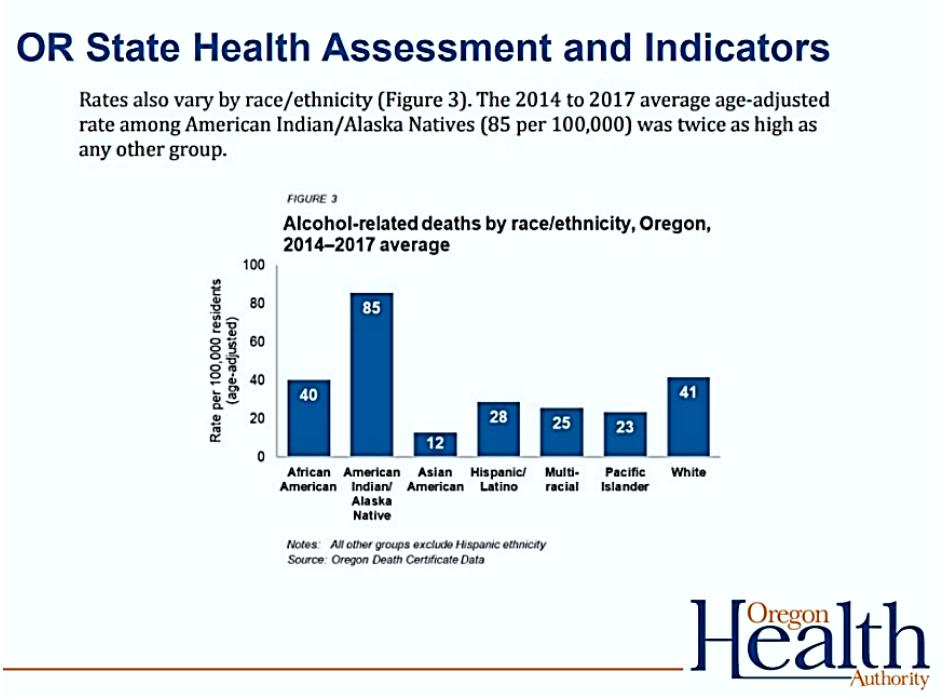
Table 106. During the past 30 days, did you have 5 or more drinks of alcohol in a row, that is, within a couple of hours?

	Tribe 2022			State 2022		
	6th	8th	11th	6th	8th	11th
Yes	n/a	3.4	11.4	n/a	2.0	7.0
No	n/a	96.0	87.5	n/a	97.6	91.9
I am not sure	n/a	0.3	0.7	n/a	0.3	0.9
I don't know what this question is asking	n/a	0.0	0.2	n/a	0.0	0.0
I prefer not to answer	n/a	0.3	0.2	n/a	0.1	0.1

*(Denominator: Those who have drank alcohol during the past 30 days.)

The survey indicates that a significant portion of AI/AN students have tried alcohol by the time they reach high school, with experimentation often beginning in middle school, with rates increasing with age. This suggests that AI/AN students face different social and cultural challenges that influence their drinking patterns, including history of use. Julie explained that for Tribes, this data is more than just numbers on a paper. They represent tribal children and students' health.

Julie also highlighted the data from the Oregon State Health Assessment report between 2014 and 2017 showing the racial disparities in mortality rates. It reveals that AI/AN populations in Oregon experienced death rates that are were twice as high as those of any other racial group. She explained that data is sometimes interpreted in different ways, but the chart below makes it difficult to dispute the numbers of the impact of alcoholism and disparities in health outcomes for tribal communities.



Caroline Cruz provided a brief history of Tribal/State partnerships and efforts in addressing alcohol and substance use prevention, and her years of work with, and as a member, of the Confederated Tribes of Warm Springs. As separate sovereign nations with powers to protect, health safety and welfare, Caroline Cruz discussed the role of tribal governments in facing the infrastructure challenges and the priority during the early years to establish a government system to support access to funding for Native American and other minority communities. She expanded on the presentation to include the work of tribes to advance substance abuse prevention programs which were deeply intertwined with the framework for comprehensive prevention with the state and NARA. Since the late 1990s, investment in substance abuse prevention has supported the Tribes in Oregon to better support individuals dealing with addiction and protecting the tribes' wellbeing.

Tribal prevention and behavioral health programs must allocate resources from different types of sectors with funding directed within the tribes. As a result, they are able to fund a full-time employee towards prevention program and social services related to alcohol misuse. Measure 110 provides important funding for tribal behavioral health programs, particularly for emergency, transitional supportive and permanent housing. Funding from HB 4002 complements M110 efforts by providing additional resources for program withing the Confederated Tribes of Warm Springs.[37]

The joint presentation illustrates the challenges for tribal communities, compounded by historical trauma and access to prevention services. Caroline Cruz emphasized the need for collaborative partnerships between NARA, tribal and state government entities to effectively address the multifaceted challenges for behavioral health needs. Addressing these needs within tribal communities can be challenging because each of the Nine Tribes Service Areas and priorities may extend far beyond its tribal governmental center and tribal land. Therefore, tribal governments often adopt approaches that align with their unique social and cultural needs. For example, CTWS noted the use of tobacco funds to remodel their Old School Cafeteria for community support and SOC grants for rehabilitation of a basketball court and two playgrounds. These culturally sensitive approaches were tailored to specific culturally appropriate programs that respects tribal traditions, heritage, and identity to effectively reduce impact to tribal communities. However, ongoing funding

[37] Senate Bill 755 (2021) modified the requirements of M10 to include establishing Behavioral Health Resource Networks (BHRNs), which are a group of organizations that partner to provide substance use services free of charge to individuals seeking care. House Bill 4002 (2024) require a BHRN to be established in each county and tribal area in the state.

which began in the 1990s is minimal and the onetime funding from M110 to support workforce and housing have been great boosts to tribes, but they are limited. Long term sustainable funding is needed to support the Nine Tribes and NARA's alcohol prevention, treatment, and recovery efforts.

Focused Discussion: Task Force discussed the cost of alcohol addiction on Oregon cities. The League of Oregon Cities stated that marijuana is an increasingly large issue in Oregon cities, and some cities are now taking steps to address DUII, including saturation patrols and addressing repeat offenders. Several members interjected with questions relating clarification on the scope of the cost. For example, Danelle Romain shared, "You [Scott] have been very consistent in the messaging, but this is not an apple to apples comparison. The state is in spirit a different system than beer and wine. Totally disagree with consumption assumption because the numbers indicated that people are buying less alcohol."[38]

The Task Force members discussed the revenue report for Oregon cities and the existing statutory distribution scheme. LOC expressed that public safety is the largest expense for Oregon cities. Cities are not addiction providers. Funding have been requested through increase floor pricing products. Going after liquor when the consumptions are off, looking from state agencies, is similar if not higher, costs are the same regardless of where it comes from. Aaron Sarnoff-Wood requested information on the numbers related to DUII. Wine Industry, questions about the funding formula and a slide that walks through distribution and status on percentage of cities revenue derived from alcohol tax or coming from OLCC. Are there any discussion on ways which the cities connect through services. Scott shared that the role of the police officer in DUII is determine if crime was committed and corrections conversation with the judged. The numbers are available for how resources are allocated to each city. This is generally the largest resource aside from property taxes. Director Craig Prins noted that estimates were brought down 20% to 1.7 billion because people were home during COVID. With respect to access to services, individuals could be eligible for diversions with a drug and alcohol assessment established during assessment. Sean Kolmer, Hospitals, asked about how cities dedicate their funding resources.

The Task Force discussed treatment and funding shortfalls on Native land. Some Task Force members stated that funding is slow to arrive, contractors are expensive, and workforce costs and all goods and services costs have increased. They further stated that a state behavioral health training unit was disbanded in 2015, leading to a lack of behavioral health and workforce development resources available to tribes. These members noted that tribes are still lagging other state organizations in terms of alcohol addiction prevention work. Other Task Force members expressed concern on alcohol licensees existing just off tribal land.

> ***Thursday May 2, Meeting #8 (Agenda) Issues: (e) The benefits and drawbacks of imposing taxes on malt beverages and wine; and; (f) Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue and increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries***

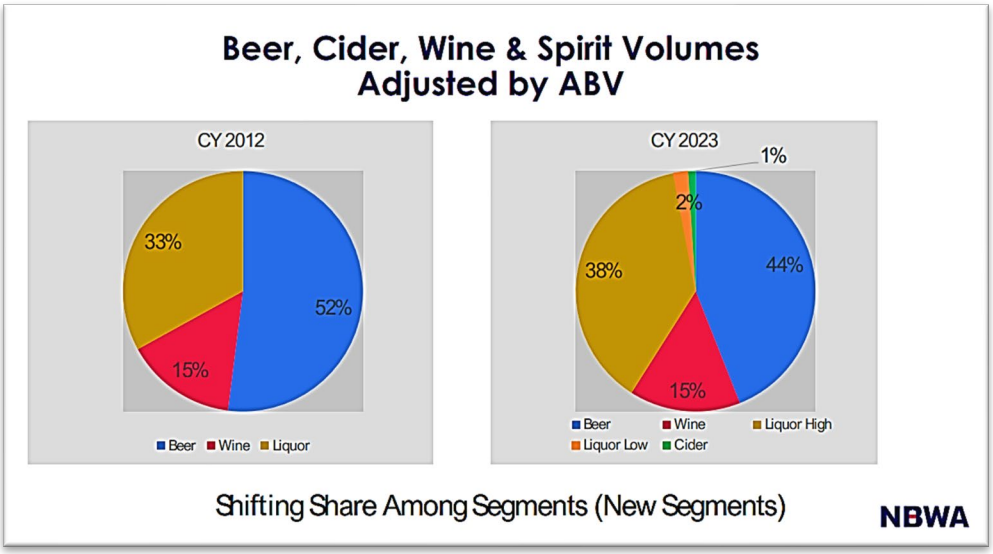
Task Force members reviewed input from the alcohol industry representatives and economist on how changes in alcohol pricing and increasing taxes could affect Oregon's alcohol industry. "Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue, impacts of taxes on alcohol, and the potential economic impact of tax increases on relevant industries."[39]

Oregon's Beer, Wine and Cider industry members, along with invited speakers presented on the industries' economic contributions and challenges. Lester Jones, Vice President, Analytics and Chief Economist, National Beer Wholesalers Association ("NBWA") provided an overview of the economic

[38] HB3610 Task Force (Session 6) - April 18, 2024.

[39] AGENDA | AUDIO/VIDEO.

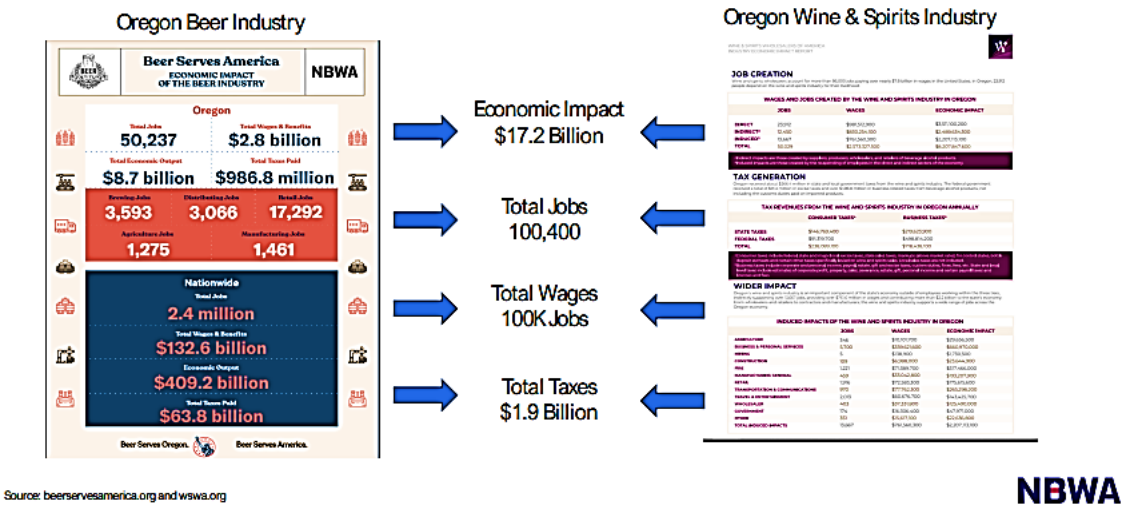
impact of alcohol generally, including the downward trend of all alcohol sales, impact of sober curious movements, increasing cannabis sales on younger generations and cited studies showing increasing alcohol taxes lead to product switching within alcohol categories, not a reduction in consumption of alcohol. Mr. Jones tracks and analyzes economic factors that impact the beer distribution industry and alcohol policy decisions at various government levels. He provided a technical evaluation of the U.S beer, cider, wine and spirits related to volumes data economic impact, and tax implications.[40] The key take away from the following chart is the shifting share among liquor industry. The figure shows a decrease in beer consumption, with spirits share increasing and competition with new low proof spirits and cider.



The presentation also included a panel discussion highlighting the historical and cultural importance of Oregon's Beer, Wine and Cider's contribution to the state's economy, contributing more than $17 billion to the state. The craft beer, wine and cider sectors are celebrated for their innovation and artisanal quality, attracting residents and tourists. The state boasts over 300 breweries and 700 wineries, making it a prominent player in the national market.[41] The wine industry, particularly famous for its Pinot Noir, contributes substantially to Oregon's agritourism, drawing visitors to tasting rooms and vineyards across the state.[42] Commercial brewing in Oregon dates back to 1852 and hop growing to 1867. Over 9,500 Oregonians are employed directly by the beer industry and closely allied industries. Most breweries in Oregon are small, owner-operated, that serve and give back to their local communities. The industry argues that margins in this business are already very thin, and increasing taxes will price many brewers out of business. Nearly fifty (50) Oregon breweries have closed since 2023.

Oregon is home to the largest independently owned cidery in America, largely because the state's unique region is home to the key ingredients, contributing $300 million to the state's economy. The industry noted the importance of their industry extends beyond crafting premium beverages. It plays an integral role in the state's economic development across agriculture and production. The ripple effect is significant, because it also bolsters rural economies and preserves farmland sourcing local fruit, hop, and grain. The following chart illustrates the economic impact to the state's economy from the beer, wine and spirits industries. Mr. Jones noted that the analysis is from the Beer Serve America study as well as from the wine and spirit sectors highlighting the industries contributions to the state.

[40] Presenter, Lester Jones, Chief Economist/VP Analytics, *Economic and Alcohol Industry Review*, NBWA.
[41] Presenter, Jana McKamey, Executive Director of Oregon Winegrowers Association, *State of Oregon's Wine Industry - Oregon Wine Board*
[42] *State of Oregon's Wine Industry*, presented by Anna Maria Ponzi - Director of the Center for Wine Education at Linfield University and Oregon Wine Board Member.



The beer industry, renowned for its craft beer, has fostered a strong local and independent brewing culture.[43] The industry not only supports direct employment in wineries and breweries, but also generates jobs in related sectors such as hospitality, tourism, and distribution. Ben Edmunds, President of the Oregon's Brewers Guild, discussed the delicate balance with generating state revenue and supporting local breweries.

The industry maintains that they represent Oregon's collaborative efforts between growers, producers, and local government. Their work is not only a testament to the state's agricultural sustainability, but also ensure, community development, continual growth and global recognition. The Three Tier System of alcohol distribution in Oregon ensures a level playing field for producers, distributors, and retailers of all sizes and supports public health and safety by controlling the sale and distribution of alcohol. Increasing taxes could harm the industry and therefore alternative measures should be pursued to address addiction and prevention.

Thursday, May 16, Meeting #9 (Agenda) Issue: (e) The benefits and drawbacks of imposing taxes on malt beverages and wine

Industry stakeholders continued their examination of HB 3610 provisions to study additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue, increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries. Aaron Sarnoff-Wood, co-founder of 2Towns Ciderhouse, presentation began with a criticism of the OHA's narrative on the addiction epidemic.[44] Sarnoff-Wood presentation contends that the OHA's data is flawed because it improperly compared data collected from differing methodologies to claim worsening alcohol related behaviors in Oregon. The industry looked at the rates of consumption and binge drinking presented by OHA to be increasing, charging that the data did not support those claims.

Sarnoff-Wood further explored the state's alcohol privileged tax systems, the sale mechanism and why OHA's method for controlling excessive drinking through taxation is flawed.

[43] Presenter, Ben Edmunds, President, Oregon Brewers Guild + Brewmaster, Breakside Brewery, Oregon's Brewers Guild: An Overview of the State of the Oregon Beer Industry.

[44] Presenter, Aaron Sarnoff-Wood, Co-founder of 2Towns Ciderhouse, *Alcohol Sector & Oregon Facts Matter*.

The presentation included the role of the Privilege Tax System and Criticism of OHA's Data on Alcohol Control, arguing that the OHA's data and conclusion is false for several reasons:

- **Elasticity of Demand**: They cite to the ECONorthwest, a firm hired by OHA to estimate the impacts of tax increases on alcohol consumption indicated that a 2,444% tax increase would result in only a 5% reduction of consumption which would likely be further reduced as consumers simply switched from beer and wine as prices increase under new taxes to spirits.[45]
- **Data Collection**: OHA has not collected any data regarding our current recovery asset usage rates from which to determine whether more resources are needed and/or where they are needed.
- **Substitution Effects**: Higher Prices might lead to consumers switching to cheaper or illicit sources of alcohol as was shown to have happened in Illinois under the recent similar alcohol tax increase. The Task Force only considers taxation on beer and wine and not spirits. Some consumers will switch to spirits if taxes are imposed on beer/wine only.

[45] Presenter, Aaron Sarnoff-Wood Alcohol Sector & Oregon, Facts Matter, May 16,2024.

What is Substitution?

Substitution is when a consumer switches from one alcohol source to another less expensive option. ECONW found that substitution dilutes health benefits from tax increases. Higher taxes on beer/wine would cause consumers would switch to cheaper alternatives, like liquor. In some cases, consumers might even shift to other drugs if alcohol becomes too expensive.

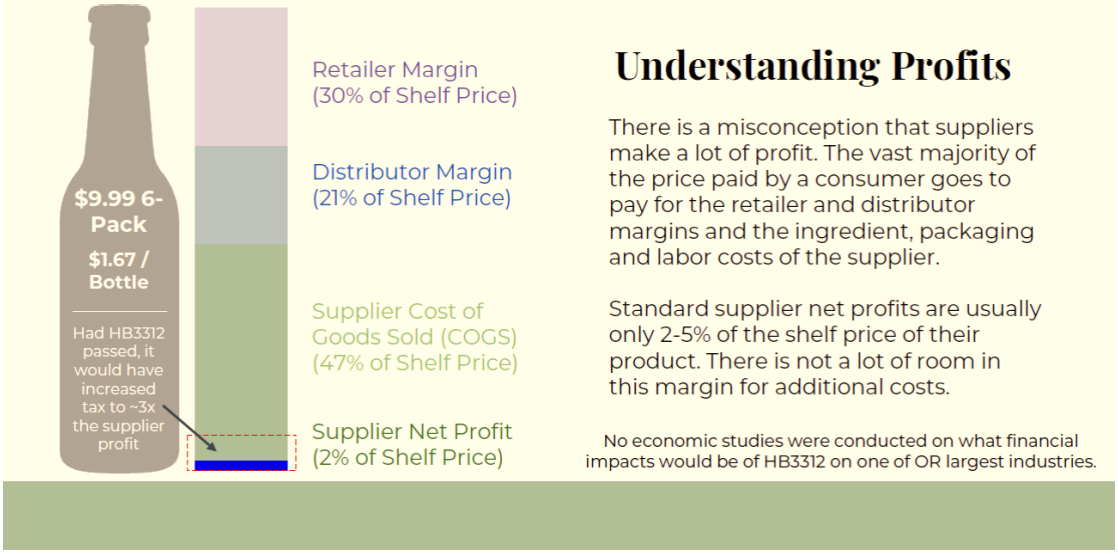
Real Surveyed Prices		
Cheap Box Wine $1.82 per oz of pure ethanol $7.99 - 1L box 13% ABV	**Malt Liquor** $1.08 per oz of pure ethanol $2.19 - 25oz can 8.1% ABV	**Cheap Vodka** $0.88 per oz of pure ethanol $8.95 - 750ml bottle 40% ABV

Before any tax increases to beer or wine, spirits are already the cheapest option.

Wine: 107% more expensive

Malt: 23% more expensive

- **Economic Impact**: Higher taxes can negatively impact local producers, bars, restaurants, and stores resulting in higher food prices and damage to the broader economy without curbing excessive drinking.



- **Behavioral Factors**: Alcohol consumption is influenced by social and psychological factors that are not easily addressed through taxation. Youth consumption has been shown to be resistant to price-based control as this demographic is not generally purchasing the alcohol they consume.

- **Beer on the Decline**: Evidence shows that consumption among teens is declining and is at the lowest rate recorded due to changing consumption behavior of younger generations.[46] Surveys that monitor future use, like the National Institutes of Health (NIH) shows underage drinking has decreased over time due to other products like marijuana coming into the marketplace.
- **Inventory & Alcohol Prevention Alternative Measures**: Industry suggests education and targeted interventions are more effective than broad tax increases in reducing excessive drinking as policymakers consider the potential unintended consequences.[47]

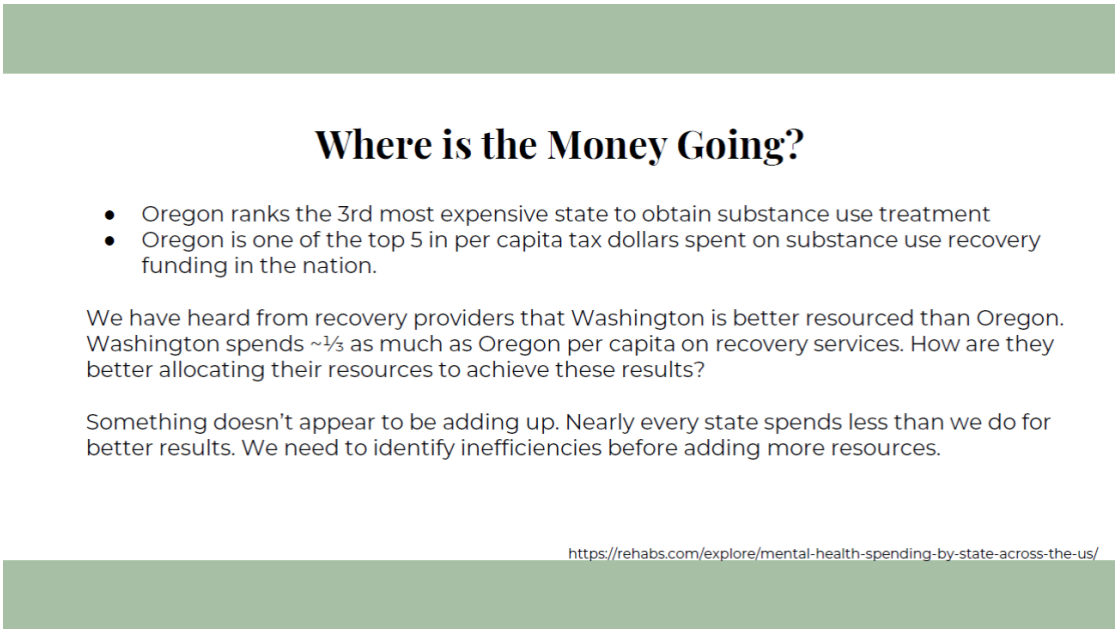
The industry presentation suggests that data examining other recent domestic alcohol tax increases has not shown meaningful reductions in consumption. They cite to the ECONorthwest, a firm hired by OHA to estimate the impacts of tax increases on alcohol consumption indicated that a 2,444% tax increase would result in only a 5% reduction of consumption which would likely be further reduced as consumers simply switched from beer and wine as prices increase under new taxes to spirits.[48]

The presentation highlights the complexity of the privilege tax system, paid by producers and importers of alcoholic beverages to generate revenue for state programs. The industry charged that taxes imposed on producers cost consumers more than the rate of the tax as the product is marked up by each party handling the product meaning increases in tax have disproportionately high costs to consumers compared to the lesser revenues they generate for the state. Therefore, funding addiction and prevention services must balance the industry's viability without imposing a financial burden to the industry or unnecessary damage to the tertiary businesses dependent on alcohol revenues.

While the proposed tax increases aim to generate additional revenue for alcohol addiction prevention and treatment services, industry representatives argued that funding is not the primary factor impacting access to recovery services. The industry claimed that Oregon now funds recovery

[46] Lester Jones, Chief Economist/VP Analytics NBWA, Economic and Alcohol Industry Review, May 2, 2024.
[47] For review of Alcohol Sector and Oregon's Fact Matter, Next Steps see link.
[48] Alcohol Sector & Oregon, Facts Matter, presentation by Aaron Sarnoff-Wood, May 16.

treatment at one of if not the highest per capita rate in the nation.[49] The industry claims that it is an oversimplification of the issues to simply point to funding, resulting in overlooking more comprehensive options to address hindrances in access to recovery services.



Greg Astley, Director of Government Affairs, Oregon Restaurant and Lodging Association (ORLA) presented on their relationship with the industry and the economic harm faced by the hospitality industry due to tax policies and continued pandemic related challenges. ORLA shared that the hospitality sector, which includes foodservice and lodging establishments, is still in recovery mode from the COVID 19 pandemic. Though critical to Oregon's economy, the industry is grappling with issues such as inflation, labor shortages and increased operational cost. The relationship between ORLA and the alcohol industry is interconnected to the local beverage tourism and enhanced dining experience. Alcohol represents significant revenue for most restaurants, and raising taxes on alcohol would likely result in higher food costs to compensate. The discussion on economic harm highlighted several potential consequences of increasing taxes:

- **Economic Strain and Displacement on Producers**: increased taxes may put financial pressure on Oregon's local industries, particularly smaller and independent producers. This could lead to higher prices for consumers, reduced profit margins, and potentially force some businesses to downsize or close.
- **Ineffectiveness in Consumer Behavior**: Higher taxes on beer and wine might lead to reduced consumption of food and dining out as consumers adjust to higher prices. And OHA's own taxpayer funded study (ECOnorthwest) shows, the state increasing taxes does not effectively target the specific demographic of excessive drinkers.
- **Tourism and Hospitality**: The wine and beer tourism sector, which is a significant economic driver in Oregon, may suffer if higher prices deter tourists. This could result in decreased visitation to tasting rooms and breweries, impacting local economies that rely on tourism.

[49] In preparing this report, it is important to clarify that the National Survey on Drug Use and Health (NSDUH) data is not available. According to the Substance Abuse and Mental Health Services Administration (SAMHSA), the 2021-2022 state estimates of substance use and mental health do not include a ranked comparison on individual states. SAMHSA generally provides national maps categorizing states into quintiles, which offer a contextual overview without implying a specific rank order among states.

- **Competitive Disadvantage:** Oregon's industry may face a competitive disadvantage compared to neighboring states with lower taxes. This could lead to cross border shopping where consumers purchase alcohol in states with lower taxes, further reducing local sales.

The industry presentations provided an overview of Oregon's beer, wine and cider sectors, the alcohol tax system, the mechanisms for selling alcohol and OHA's approach on the effectiveness of taxation in controlling alcohol addiction and prevention. The industry emphasized their shared goals with treatment community with the aim of facilitating informed discussions without harming businesses.

Focused Discussion: The Task Force discussed the presentation on the current state of the alcohol industry and the assertion that many people purchased alcohol during the pandemic, but stored it instead of consuming it, and the economic impacts of those decisions.

The Task Force discussed retail business closures during the pandemic, the dynamic nature of the alcohol industry, and the slow recovery since COVID first arrived.

The Task Force discussed the presentation's assertion that consumption and certain types of death commonly attributed to alcohol have decreased. Some members expressed concern that the data in the presentation did not reflect available public health data, and that the actual price of alcohol had decreased in real terms.

The Task Force discussed the interplay between rising marijuana consumption rates as well as increases in market share of non-alcoholic beverages and their effects on the alcohol industry.

The Task Force discussed the presentation's assertion that increased taxes drive consumers to the black market, which causes more losses than tax increases gain, and alcohol's comparison with cigarettes and tobacco taxes. Some Task Force members stated that there is abundant evidence that when prices of alcohol go up, consumption decreases in the long term.

Some Task Force members reiterated that they do not intend to harm small businesses and acknowledge the effects of inflation on the alcohol industry. They further expressed concern about Oregon having no sales tax and having a tax kicker which prevents funding from going to the general fund where it could be used on services.

The Task Force discussed the Winegrowers presentation and the importance of prevention efforts to combat youth drinking across cultural borders. Some Task Force members stated they want to

Thursday May 28, Meeting #10 (Agenda) Issues: The current overall funding for alcohol addiction treatment programs, including the levels of funding for programs by the state and local governments

The OHA's Report on Substance Use Disorder Financial Analysis ("Report") focuses on the investments and cost estimates for addressing direct and indirect cost of treating individuals with substance use disorders.[50] The Report, presented by OHA's **Samantha Byers, Adult Behavioral Health Director and Samantha DuPont, Behavioral Health Structures Analyst, CCBHC Program Administrator**, builds on the 2022 OHSU-PSU School of Public Health analysis identifying service gaps in state's public health infrastructure and highlighted critical gaps in behavioral health services.[51] The OHA contracted the Public Consulting Group (PCG) for the financial study of substance use disorder services. PCG utilized existing data in the external

[50] Oregon Health Authority (OHA) Substance Use Disorder Financial Analysis represents the Public Consulting Group's comprehensive financial analysis for the OH to assess the current state and funding requirements for SUD in Oregon. PCG met with peers, people with lived experience, community providers, counties and local governments and other state agencies to provide a roadmap for funding.
[51] *Id.* at page 6, PCG coordinated with the Oregon Health & Science University – Portland State University School of Public Health (OHSU-PSU SPH) to adapt selected measures from the 2022 Oregon Substance Use Disorder Services Inventory and Gap Analysis, which served as a starting point for estimates of cost associated with unmet need.

reports and from state agency analysis to further refine their study and understanding of the specific needs within the behavioral health continuum of care for the Report Data.

The goal was to help understand how to maximize funding resources to make service delivery more equitable, efficient and effective in support of the continuum of care as it relates to substance use disorder. The study's specific objective, commissioned in 2023, are threefold:

To achieve the goals outlined in the budget note, the Oregon Health Authority (OHA) initiated a competitive bidding process for a financial study focusing on Substance Use Disorder (SUD) services and supports in Oregon. The study's specific objective, commissioned in 2023, are threefold:

Financial Inventory of Public Spending on SUD Services and Supports: Identifies state agency roles in addressing SUD and examines the allocation of public spending across the care continuum and regions.

Cost Estimates to Address Unmet Needs Across the Care Continuum: Uses methodologies and findings from the *2022 Oregon Substance Use Disorder Services Inventory and Gap Analysis (2022 Gap Analysis)*, conducted by the Oregon Health & Science University-Portland State University School of Public Health, estimating the costs of addressing unmet needs.

Revenue Options to Address Unmet SUD Needs: Financing SUD services and supports in a manner that is equitable, effective, and efficient. Approaches to closing the gaps in SUD care, which can inform both executive and legislative decision-making processes.[52]

The team provided an overview of the final comprehensive study of the state's behavioral health structures, focusing on the adequacy of services for substance use disorders. The key takeaways and next steps are to look spending across the continuum and the potential revenue options to enhance service in relation to HB 3610 Task Force study on the issues related to "[A]lcohol addiction and alcohol addiction prevention; The distribution of resources for alcohol prevention; the current overall funding for alcohol addiction treatment programs."

OHA explored spending by agency and funding source and noted that over half of public SUD expenditures are supported with federal funds. These funds pass directly to the state and are distributed to local governments, non-governmental organizations and providers. OHA spent the most on treatment services for Medicaid spending, with the next highest on treatment services funded through non-Medicaid dollars.53 Spending by OHA, Behavioral Health Division includes three major buckets: Community Mental Health Programs (CMHPs) - $76M; Behavioral Health Resource Networks (BHRNs) - $199M; and Other Direct Grants and Contracts - $49M. Detailed information on spending by county governments, community mental health programs and coordinated care organizations was not available due to lack of sufficient data.

Spending for prevention and harm reduction, two strategies across the continuum to reduce harm, are considerably low. At the request of a Task Force member, OHA expanded on the definitions for harm reduction, prevention, treatment, and recovery.[54] Tatiana Dierwechter, OHA's substance use primary prevention manager, said the agency uses SAMHSA's definition which includes six different strategies.

Additional clarification provided on Medicaid dollars with money coming from the federal government. About 90% of OHA's Medicaid or $513 million overall expended goes to coordinated care organizations. The remaining goes directly to fee per service payment to providers. This, however, is not inclusive of all the money that's going out the door. For example, CCOs operate on

[52] See HB 5006 which includes a budget note of $300,000 for OHA to study behavioral health services provided by other state agencies.
[53] *Oregon Health Authority (OHA) Substance Use Disorder Financial Analysis, Public Consulting Group April 2024,* page 7.
[54] See House Bill 2086 (2021) amends state law regarding behavioral health services; House Bill 5006 The Emergency Board and budget reconciliation measure for 2021-23 biennium.

a global budget so what OHA anticipates is going to go towards SUD might change based on the real needs they're seeing in their populations.

The PCG study found that Medicaid spending in the costliest part of the care continuum—hospital-based withdrawal management—is overwhelmingly attributed to beneficiaries with a primary diagnosis of alcohol use disorder (AUD). Conversely, only 2.2% of beneficiaries receiving medication assisted treatment (MAT) between 2021-2023, were people with AUD as a primary diagnosis. The total number of people with AUD as primary diagnosis who got MAT between 2021 - 2023 is only 294, according to our Medicaid claims data. [55]

Medicaid Spending: AUD as Primary Diagnosis

Service	Total Spend	AUD Total Spend	AUD Served as % of Total	AUD Spend as % of Total	AUD Per Capita - Total Per Capita (Difference)
Treatment					
Medically-Managed Withdrawal Management - Hospital	$33,038,603	$27,338,645	74.1%	83%	$1,197
Medically-Monitored Withdrawal Management - Non-Hospital	$69,186,263	$30,967,026	42.9%	45%	$242
Clinically-Managed Withdrawal Management	$89,900	$23,250	20.0%	26%	$878
Residential Treatment	$97,557,415	$28,727,191	33.8%	29%	($1,815)
Outpatient Treatment	$220,904,235	$69,533,983	38.8%	31%	($728)
MAT	$49,032,859	$633,144	2.2%	1%	($1,547.86)
Recovery Supports					
Supported Employment	$402,511	$23	0.3%	0%	($112)
Peer Services	$21,029,504	$7,092,647	34.3%	34%	($27)
Smoking Cessation	$463,722	$3,994	1.2%	1%	($7)
TOTAL	**$492,000,937**	**$164,319,903**		**33%**	

Oregon Health Authority

12

One of the key takeaways from the report is that Federal Medicaid match alone will not solve the state's problem but can be leveraged to offset some of the burdens for serving Medicaid beneficiaries, for Medicaid-reimbursable services. The report includes a comprehensive analysis of the cost estimates to address unmet need and the existing gaps, particularly for three general categories: workforce, facilities (i.e., program locations), and other SUD programming. The significant cost associated with addressing future service demands.[56] Other findings include:

Service Gaps: The gap in SUD services indicates that nearly half of the necessary services are currently unavailable to Oregonians with SUD and/or AUD.

Workforce Shortages: There is a significant shortage in the workforce, particularly for culturally and linguistically relevant services, as well as authorized healthcare providers for treatments.

Cost of Treatment Facilities: The 2022 Gap Analysis initially provided estimates for gaps in residential bed capacity. To align the gap estimates, the PCG group updated these figures by converting the bed gap to a gap in the number of residential program locations.

Current Bed Shortfall: Using data provided by the Residential+ team, it was determined that, on average, each residential program location accommodates 29 beds. Therefore, addressing the identified gap of 2,357 residential beds would require an estimated 81 additional residential program locations (2,357 beds ÷ 29 beds per location).

[55] Spending by agency fund source, Included in the analysis is a breakdown of spending by state agency and by fund source. Fund sources include federal funds, general funds, and other funds, page 23.
[56] Substance Use Disorder Financial Analysis presentation.

This final estimate of 81 residential program locations served as the basis for the cost estimations included in the analysis**.**

TABLE 57: COST ESTIMATES TO MEET IDENTIFIED PROGRAM LOCATION GAPS

Program Location Type	Gap	Estimated Total Cost
Outpatient	203	**$398,491,925**
Residential	81	**$589,136,864**
Withdrawal Management	41	**$157,356,180**
Recovery Residences	351	**$357,511,245**
Recovery Community Center	137	**$131,171,050**
Opioid Treatment Program	52	**$18,125,000***
Total	**865**	**$1,651,792,264**

*Average of minimum-maximum range.

Legislative Investments: In 2021, the Legislature allocated over 1.35 billion to behavioral health systems. Funds are aimed at expanding and improving services, addressing pandemic's impact on community, workforce, infrastructure planning etc. The Task Force discussed the methodology involved in the OHA Substance Use Disorder Financial Analysis.[57]

Total Cost Estimate: To meet the unmet needs, and improve the SUD service system comprehensively, an additional $6.83 billion is required. The figure encompasses investments in expanding service capacity, improving access to medications for opioid use disorder, and enhanced harm reduction programs.

The financial analysis report further indicates that current state and local infrastructure to implement, for example culturally relevant SUD prevention strategy and programs, are inadequate to support the much-needed expansion and improvement in services. For OHA public health funding sources, the vast amount goes to the tobacco prevention, which comes from tobacco taxes for tobacco prevention and education division prevention programs.

Workforce impacts partners who have questions around how the cost estimates were done. The consultant took um a two-pronged approach: first, they wanted to see how much it would cost to educate, train, certify and supervise a new pipeline of workers. Postsecondary education drives pipeline costs ($1.69B out of $1.77 total.) Second, they estimated how much it would cost to employ needed workers, accounting for salary, benefits and administrative resources needed to support workers. They estimate $3.2B annually to employ needed workers, with most of the cost coming from adding a substantial number of new qualified mental health associates and qualified mental health professionals.

[57] See House Bill 5024 Relating to OHA's Administration from a mix of General Fund, Lottery Funds, Other Funds, and Federal Funds revenues.

TABLE 18: COST ESTIMATES TO BUILD NEW PIPELINE OF SUD WORKFORCE (NON-PRESCRIBERS) – EDUCATION VS. ALL OTHER COSTS

Position	Education	Training, Supervision & Certification	Total
Certified Prevention Specialists	N/A	$2,554,572	**$2,554,572**
Certified Alcohol and Drug Counselors	$90,890,720	$10,480,374	**$101,371,094**
Certified Recovery Mentors	N/A	$734,400	**$734,400**
Qualified Mental Health Associates	$797,973,680	$37,621,096	**$835,594,776**
Qualified Mental Health Professionals	$800,057,520	$24,929,258	**$824,986,778**
TOTAL	**$1,688,921,920**	**$76,319,700**	**$1,765,241,620**

The study's recommendations and findings include reform prioritizing substantial investment and strategic allocation of resources for the creation of new beds, investing in preventative and capital construction cost. The location cost ranges didn't vary significantly would between rural and urban regions. Below is the total cost for unmet need:

TABLE 15: TOTAL COST OF MEETING IDENTIFIED SUD SERVICES AND SUPPORTS GAP

Service Type	Final Components Included in Cost Estimates in this Study	Source Used for Gap Calculation	Cost Estimate
Workforce	Salary and Benefits	2022 Gap Analysis	**$3,195,385,208**
	Building the Pipeline of Workers		**$1,765,241,620**
Facilities	Outpatient	2022 Gap Analysis	**$398,491,925**
	Recovery Residences		**$357,511,245**
	Recovery Community Centers		**$131,171,050**
	Residential	OHA Residential+ Study, (Pending Publication)	**$589,136,864**
	Withdrawal Management		**$157,356,180**
	Opioid Treatment Programs	OHA Behavioral Health Division	**$18,125,000**
Other SUD Programming	Harm Reduction Programs	2022 Gap Analysis OHA Behavioral Health Division	**$89,976,177**
	School-Based Primary Prevention	Oregon Department of Education	**$5,621,747**
	Community-Based Primary Prevention	OHA Public Health Division	**$122,840,000**
		TOTAL	**$6,830,857,016**

To meet the unmet needs, OHA encouraged members to think about public resources, and to address those needs comes down to policy choices. Legislative recent investment in education training and workforce development.

How do we pay for it all? Behavioral Health financing is incredibly complex. The cost estimates are undeniably high, but the report recommends there are actions that state leaders can take to both maximize current revenue sources and generate new revenue sources to address. Continuing legislative support to address the unmet needs for substance use disorder treatment services.

The report recommends maximizing existing revenue sources, exploring revenue options from increasing alcohol taxes, in addition to utilizing federal funds through block grants. Implementing the recommendations would also require private sector partnership. By leveraging these diverse revenue sources, and enhancing coordination among federal, state, county and municipal partners, the report concluded that the additional funding would ensure that Oregon can better meet the needs and reduce impact on substance use disorder.

Focused Discussion: Numerous questions were asked during OHA's report, particularly around Medicaid and leveraging federal funds to support prevention., Task Force members offered possibility of additional leverage through congressional leaders targeting asset utilization in addition to focusing on research on need. Regarding research, OHA responded that local utilization numbers could theoretically be obtained and inserted into the presented dataset, but obtaining that information is difficult.[58] OHA also explained that the research presented was a general target and further analysis could be done to hone estimates based on local needs. OLCC added that general funds and privilege taxes revenues that are earmarked specifically for mental health and addiction are made available to the cities and counties.

Danelle Romain of the Oregon beer and wine Distributors Association argues for more money going to these programs from the general fund. Therefore, looking at these funding, it is evident that funding is not only coming from the alcohol money. There is also set asides right from beer and wine for OHA and on that slide where the federal and state funding sources are set asides from those revenues.

OHA further expressed that additional cost include capital construction in buildings, which does not include land acquisition cost. The analysis did not examine costs of renovating or renting buildings, which could be less costly than new builds. OHA informed the Task Force that they would discuss further with their Medicaid and Health Policy Analytics teams to see what tracking was being done and if that data could be obtained. Dr. Tom Jeanne, Deputy State Health Officer and Epidemiologist, OHA, wanted to highlight and clarify the gap between the social and economic harms of alcohol is only 3.7% of the total burden, which is similar to the methodology used for tobacco programs.

Additional concerns raised about whether we are building a system that has real measurable results to make sure that the state is holding others accountable in affecting change and not simply putting the money into ineffective programs. The Task Force discussed the methodology used to determine the needed services as presented by OHA. The proposed "cost to the system" of $6 billion raised some eyebrows, even though the state or federal government would necessarily bear the full costs. An industry member stated that Oregon is already one of the highest funded states for substance use disorder. W The Task Force also assessed the possibility of increasing the State's Medicaid rate or obtaining additional grants to further fund services, and the beneficial effects those increases could yield in addiction service availability. The Task Force suggested looking at other states to assess if these funding levels are successful in achieving addiction services goals, or if a more incremental approach was needed for Oregon's issues.[59]

> ***Thursday June 13, meeting #11 (Agenda) (d) The cost to this state of alcohol addiction; (f) Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue and increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries***

County officials shared their findings, as part of the broader conversation on HB 3610 issues relating to availability of additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue, increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries. **Dr. Patrick F. Luedtke**, MD, MPH, Senior Public Health Officer, Chief Medical Officer, Lane County Health & Human Services

[58] OHSU-PSU gap figures are based on the Calculating for an Adequate System Tool, which was originally developed by SAMHSA. This tool is a complex algorithm that considers things like SUD prevalence and treatment access data as reported by Oregon consumers who responded to the NSDUH survey; it also looks at national averages for utilization (e.g. length of stay, re-admission) based on published research. So, the figures are somewhat tailored to Oregon vis a vis inclusion of Oregon-state findings from NSDUH.

[59] HB 4002 (2024) established the Joint Task Force on Regional Behavioral Health Accountability, being led by LPRO.

shared recent findings and public health data collected by Lane County on alcohol and other substance use disorders. [60]

The county officials highlighted the widespread issue of substance use disorders, including alcohol, recreational marijuana and other substances such as fentanyl and opioids. Patrick F. Luedtke MD pointed out that certain demographic groups are disproportionately impacted by alcohol misuse.[61] For example, younger populations, particularly those between the ages of 18 and 25, are increasingly engaging in binge drinking, leading to a spike in alcohol-related injuries. The Lane County alcohol use data have several different surveys, both at the state level and the local level, that show an increase among adult users. The intersectionality of alcohol use disorder with other health issues, particularly between the need for mental health treatment and prevention strategies, create ongoing challenges at the local level for public health funding.

Lane County Health and Human Services Senior Public Health Officer shared results from a 2022 survey of residents' varied health attitudes. The primary focus of the survey includes general health behaviors, perception about healthcare accessibility and attitudes towards preventative measures. There is a significant awareness of mental health issues, with approximately 70% of Lane County residents willing to pay an extra $.25 cents per serving of beer and wine if funds are used to prioritize better access to mental health services by way of local alcohol prevention and treatment.[62]

Wasco County Administrative Officer Tyler Stone presented on behalf of Wasco, Hood River and Sherman Counties Mid-Columbia region in Oregon. The Mid-Columbia Center for Living (MCCFL) is the designated behavioral health agency for these counties and provides the essential services to address mental health and addiction issues, crisis intervention, and community support programs.[63] However, demand for these services often exceeds available resources.[64] They have a similar approach to Public Health with many small and highly restricted funding streams. The region faces similar challenges, with data indicating that over time, the funding stream has continually dropped. There are SUD costs for Wasco County that are not covered by Marijuana funds.

For Deschutes County, Erik Kropp, Deputy County Administrator, explained that post Measure 110, marijuana code enforcement detectives are only partially funded, Community Development Code Enforcement costs related to marijuana are only partially covered, with less funding for substance abuse disorder prevention and treatment. The expenses for the County general fund are outpacing revenue. Deschutes County Janice Garceau, Health Services Director, shared data for the higher-than-average alcohol consumption rates compared to the rest of the state. However, Janice focused on the trends and patterns on the ground and how counties are making use of the limited resources to address the critical gaps in prevention for over a decade, which equates to reduction every year.

Deschutes has been instrumental in their efforts to curb youth alcohol consumption. Intensive Youth Services were not specifically targeted in Measure 110 BHRN investments, but rather non-alcohol substance use disorder. This created a shortfall in the funding to existing county services. Rural communities are very different from the valley; access to mental health and addiction services is often limited, while seeing higher rates of alcohol associated harms.

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[60] Alcohol pricing and Addiction Services Task Force Presentation by Patrick F. Luedtke MD, MPH Senior Public Health Officer Chief Medical Officer Lane County Health & Human Services.

[61] Lane County Alcohol Use Data: Youth, Oregon Student Health Survey, 2022: Percent of Lane County 8th & 11th graders who report using alcohol and other substances in the past 30 days.

[62] Alcohol pricing and Addiction Services Task Force Presentation by Patrick F. Luedtke MD, MPH Senior Public Health Officer Chief Medical Officer Lane County Health & Human Services.

[63] MCCFL is an ORS 190 for the Mid-Columbia region in Oregon.

[64] Hood River, Wasco & Sherman Counties joint presentation.

Eve Gray, Director of Health and Human Services for Lane County highlighted Lane County's pressing need for targeted revenue and the splitting of alcohol tax dollars to address the vast majority of our general fund. In addition to alcohol related harms being a critical issue for these regions' administrators, Lane County challenges include lack of funding to address workforce, administrative burdens and cost/availability of local housing.

Al Barton, Executive Director of Mid-Columbia Center for Living, provided the funding picture for Youth Services, certified outreach program and medication program for folks struggling with opiate use disorders.

Sheriff Lane Magill, Wasco County, discussed the financial cost of calls related to alcohol or drugs involves complexity of the investigation, and the ripple effect that impacts the gap involving the legal system. Sheriff Magill shared the 2018 findings from the Frequent Utilizer Project, an initiative spearhead by CUNY Institute aimed at developing a better understanding of individuals who frequently interact with the criminal legal the system three or more times.[65] The Mid-Columbia Region (Gilliam, Hood River, Sherman, and Wasco Counties) was the focus due to its characteristics and demographic composition. Sheriff Magill noted that of particular interest are the statistics indicating how these individuals' repeated encounters with legal system strain resources and other underlying failures in addressing needs.

The data analysis helps Wasco County provide evidence-based information to help with a targeted intervention plan that includes education, employment support, and housing. The project led to notable cost savings for Wasco County. While enforcement is critical, the project diverted many from the criminal justice system.

In summary, the state's investment in substance abuse prevention has remained flat for many years despite a much larger population and measurable increases in heavy alcohol consumption, binge drinking, and alcohol-related deaths. Resources for local prevention, treatment and law enforcement response are insufficient to address the growing community alcohol burden, a situation worsened by insufficient county revenues, including marijuana tax revenue due to Ballot Measure 110. Counties need sustainable, flexible funding for public health and safety partners to meet the unique prevention and treatment needs of Oregon communities.

Focused Discussion: Chair Tawna Sanchez reviewed the timeline for the future task force meetings, possible speakers, and the final report due date. Task force members expressed concerns about the potential adversarial nature of upcoming presentations from individuals who they believe are antagonistic of the alcohol industry, and that not enough emphasis has been placed on finding common ground.

Industry members recommended that the Task Force should take a less adversarial approach instead of scheduling meetings that would have one side presenting and the other side responding. A more collaborative discussions about finding common ground was suggested. Some members expressed concern that the suggested speaker for July 18th had testified before the legislature in favor of alcohol tax increase. As such, the addition would not move the conversation forward where members can find common ground.

Task Force members discussed Dr. Luedtke's presentation with questions around the current resources and distribution to local governments. The Oregon Wine Growers Association followed up with a question on distribution. Director Prins will be digging into the details during the OLCC presentation. Questions on prevention and intervention through education programs. The healthy school program is at risk, despite the success in targeting both youth and their parents. Janice emphasizes the need for a stable revenue stream that can support ongoing efforts without interruption, particularly to youth programs.

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[65] CUNY Institute for State and Local Governance (ISLG) Frequent Utilizer Project, Overview, 2018.

Is there existing legislation that we could implement to address the issues the Task Force is looking to address? Improvements and policy changes are necessary through the legislature.

> ***Thursday June 27, Meeting #12 (Agenda) Issues: (f) Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue and increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries.***

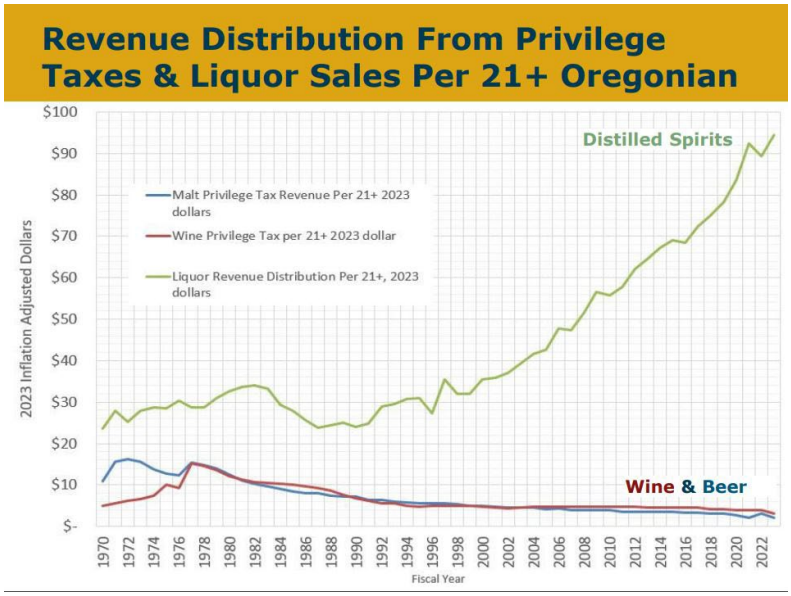
The OLCC's Presentation to the HB 3610 Task Force provided an overview of Oregon's control system. It covered key topics such as alcohol categories, pricing and tax, revenue generation and distribution, and the distinction between the states distilled spirits program and the Oregon privilege tax program for wine, beer and cider.

Product category	ABV Limits	Creation Method	Ingredient Requirements	Tax Rate
MALT BEVERAGES	<.5% to 16%	"…fermented beverage… brewed or produced…"	Malt, rice, grain, bran, glucose, or molasses	$.08 per gallon
WINE	<.05% to 21%	"…fermented vinous liquor or fruit juice, or other fermented beverage fit for beverage purposes…including fortified wine."	Vinous liquor, fruit juice other than apples or pears, etc.	$.67 per gallon, $.77 per gallon for wines over 16% ABV
CIDER	<.05% to 8.5%	"…fermentation of juice…"	Apple or pear juice	$.08 per gallon, $.67 per gallon for ciders over 8.5% ABV
DISTILLED LIQUOR	No ABV limit	"Any alcoholic beverage other than wine, cider, or malt beverage, including distilled spirits."	No ingredient requirements so long as beverage does not fall into prohibited categories.	$22.86 per gallon

18 © OLCC 2024. All Rights Reserved.

Executive Director Craig Prins presented the agency's relevant findings in response to its responsibility in studying the benefits and drawbacks of imposing taxes on malt beverages and wine. Director Prins outlined the state's current tax rates on wine, malt beverages and cider, highlighted the statutory requirements established by the legislature in ORS 473.[66]

The classification for various alcoholic beverages and the definitions are crucial for Oregon's regulatory, taxation and commercial purposes within a control state.[67] In February 2024, the OLCC reported to the legislative budget subcommittee that all liquor sales were not meeting expectations, leading to a downward revision of revenue projections.[68] With the adjustment for inflation, distilled liquor sales remain flat. This shortfall impacts the projected contributions to the state's general fund and other local distributions.



The Oregon Legislature imposes specific taxes on beer and wine are comparatively lower in Oregon than in many other states. Under ORS 471.745, the OLCC set prices for liquor over 5% ABV. The lower tax rates are designed to support Oregon's brewing and winemaking industries, making the state an attractive location for beverage producers. OLCC determines the price of distilled spirits and a has

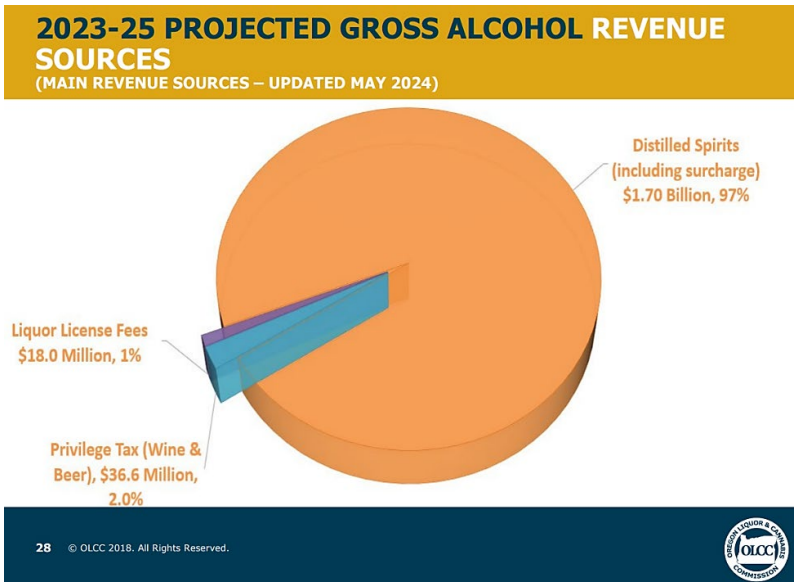
[66] OLCC presentation to HB 3610 Task Force on Alcohol Addiction, Prevention an Pricing Services.

[67] After prohibition, Oregon regulators adopted a control system model (language not amended since 1953) LPRO 2021 background brief – The 1933 Act. This system helps manage the market, ensuring compliance with state and laws and generating revenue for public service.

[68] 2023-2025 Legislatively Adopted Budget.

recently implemented floor pricing and recent surcharge to address budgetary needs while protecting health and safety.[69]

Without such adjustments, the real value of alcohol tax revenue diminishes over time, potentially impacting budgets and funding for public health initiatives. Fundamental to work of the OLCC is to prevent sales to underage and overly intoxicated or vulnerable Oregonians through Alcohol Server Education course which can be used to meet the requirements for a liquor license and for a service permit, or both. As such, funds for the OLCC have been directed towards educational programs that focus on preventing underage drinking and education on promoting responsible alcohol consumption among adults.



In sum, the OLCC's presentation shows the importance of understanding the different categories and classification of alcohol and the contributions to the general fund, counties, and cities. A portion of the revenue is transferred to state services and initiatives beyond those directly related to alcohol, including mental health, alcoholism and drug services. The OLCC also enforces strict licensing regulations for alcohol retailers, ensuring they adhere to laws designed to prevent underage drinking and over-serving.

Focused Discussion. The Task Force discussed the presentation by the Oregon Liquor and Cannabis Commission on alcohol regulation.

The Task Force discussed regulation of alcohol marketing with regard to youth consumption. Some Task Force members stated that every beverage for sale in Oregon has already had their label approved federally by the Alcohol Tax and Trade Bureau, which has its own regulations, and that overall alcohol regulations on the state and federal level are numerous and complex. Other Task Force members felt that the labeling requirements were not sufficient to show what the product contained and may pose a danger to customers and youths.

Task Force members expressed that some products like Four Loko with added caffeine have been removed from shelves due to concerns about the health of its ingredients, and they felt that this was example of the current regulatory system working effectively.

The Task Force discussed Oregon's alcohol tax system, including its small winery tax exception, when taxes are collected, and the burdens of alcohol tax filing both physically and electronically under Oregon's new Privilege Tax Online system (OPTO). Some Task Force members stated that maps of tax rates across the country reveal that alcohol producing states like Oregon have the lowest tax rates, and there was a reason that this was the case. Legislative members pointed to Kentucky's beer and wine tax rates to express that Kentucky appeared to be protecting its distillery industry.

The Task Force discussed alcohol pricing, including the OLCC's distilled spirits markup formula, minimum unit pricing for distilled spirits, and the effects of these systems on consumption numbers. The OLCC noted that when minimum unit pricing was implemented, sales were reduced,

[69] Floor pricing for distilled alcohol categories also prevent undercutting and ensure fair competition for small Oregon distilleries who might otherwise be driven out by larger companies selling a lower price.

and state revenue increased. Some Task Force members inquired about customers potentially substituting products and whether that was reflected in OLCC data. The OLCC responded that substitution was not accounted for in the data, which only revealed lowered sales when minimum unit pricing took effect.

Some Task Force members stated that beer and wine are already priced higher on a per-serving basis than distilled spirits with minimum unit pricing in place. Other Task Force members expressed that Oregon remains a state with a "kicker" that reduces general funds, and has no sales tax. Others noted that beer and wine taxes have not increased since the late 1970s and early 1980s. The members who first raised the issue of per-serving prices stated that corporate taxes in Oregon are also often charged multiple times, burdening the alcohol industry.

The Task Force discussed death rates as they relate to alcohol consumption. Some Task Force members questioned the methodology of calculating death rates as estimations instead of actual deaths. Other Task Force members replied that these methodologies are based on observed associations from many other previous studies.

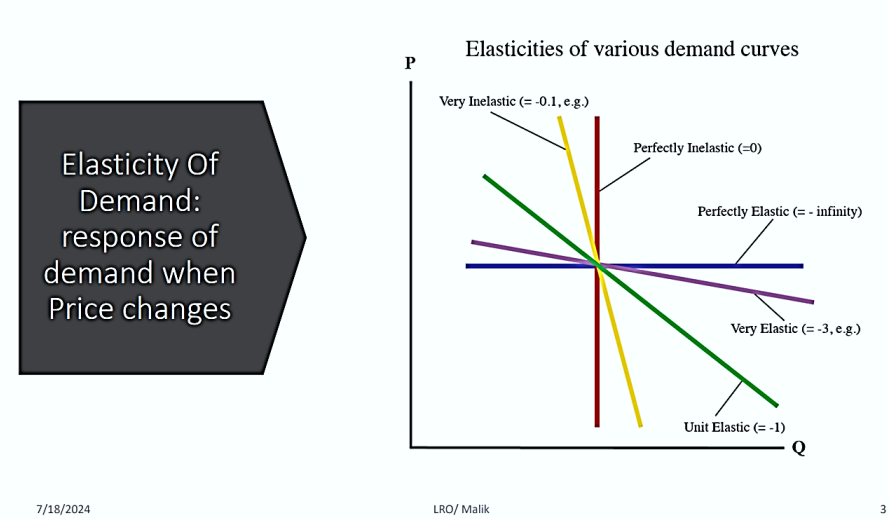
The Task Force discussed alcohol addiction treatment availability and funding distribution. Some Task Force members stated that current distributions of tax revenue are required just to maintain services. Other Task Force members expressed concern that rising prices for treatment could not be met entirely by increasing taxes on the private sector as no business could afford a 20% increase in taxes. Additional Task Force members expressed concern about how statutory fund allocations were initially decided. The Legislative Fiscal Office noted that taxes were originally in place by cities when the federal government did not have a tax rate, and when the federal and state government instituted their own taxes, the city and county disbursements were agreed upon to make up for the lost taxes by cities.

The Task Force discussed the OLCC's alcohol revenue. Some Task Force members stated that they believed the OLCC's operations were efficient in their use of funding. Other Task Force members replied that costs are essentially the same whether beer and wine are distributed privately or the OLCC is distributing liquor, and beer and wine sales have additional taxes applied. Some Task Force members stated that when Washington privatized its alcohol sales, prices went up. Other Task Force members asserted that the price increase was due to Washington wanting to increase taxes to match lost revenue for the State.

The Task Force discussed the Oregon Wine Board. Some Task Force members inquired as to whether the Wine Board engages in lobbying. Other members replied that it does not and engages primarily in research and providing education to local businesses.

> ***July 18, Meeting # 13 (Agenda) subsection (4) The task force shall consult with the Legislative Revenue Officer in studying the issues described in subsection (3) of this section***

Taxation Options and Revenue Impacts by Mazen Malik, Senior Economist, Legislative Revenue Office. Mr. Malik's presentation to the HB 3610 Task Force focused on the importance of understanding product elasticity in the context of policymaking. Product elasticity measures how sensitive the demand for product is to the changes in its price. Mazen explained that knowing the product elasticity can be powerful when deciding tax policies or regulations, as it helps predict consumer behavior and the impact on revenue. Malik compares the two types of demand responses:



1. **Elastic Demand:** If demand is elastic, consumers are highly responsive to price changes, and companies would be unlikely to increase revenue as this could lead to a fall in revenue.
2. **Inelastic Demand:** On the other hand, if demand is inelastic, price changes have little effect on the quantify consumed, therefore, according to Mazen's analysis, increasing taxes on alcohol would not significantly reduce consumption but would generate more tax revenue for the state.[70]

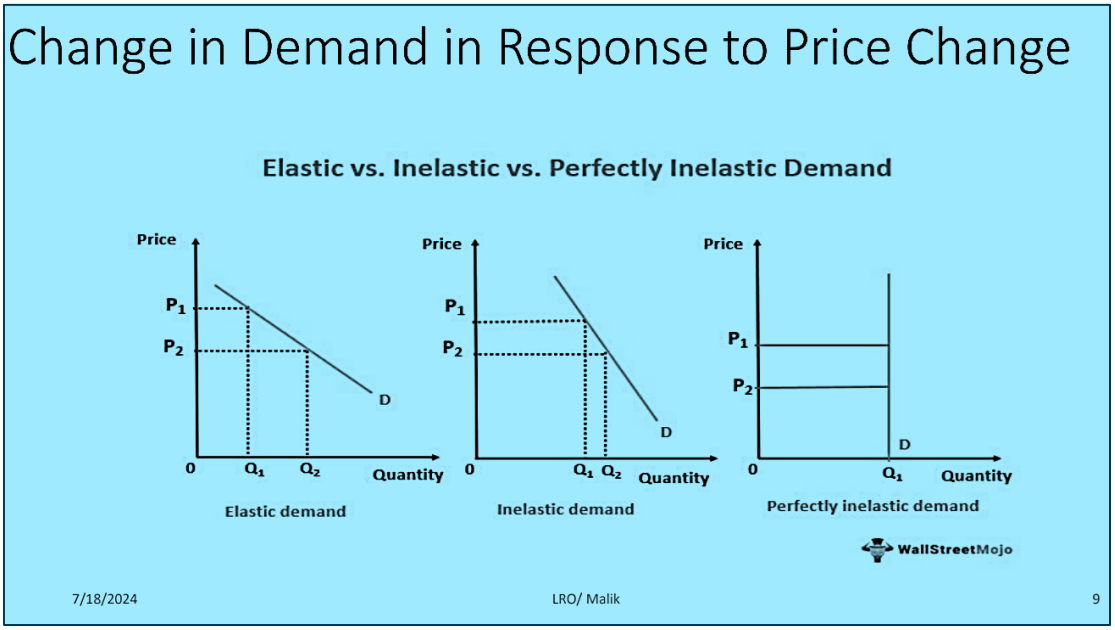
Mazen later applies the concept to beer and wine, suggesting that these products are by and large inelastic because the price changes have little impact on the quantify demanded. Based on economic reports, Mazen opined that most studies showing price elasticities are 0.3 - 0.4, meaning a 10% increase in price leads to a 3% to 4% decrease in quantity demanded. Wine and distilled spirits generally have a slightly more elastic demand compared to beer, with elasticities around 0.6 - 0.65 and 0.65 - 0.79 respectively.[71] This indicates that consumers of wine are somewhat more responsive to price changes than beer consumers.

Most sin taxes, products with social consequences, have inelastic demands. Pointing to the ECONorthwest study as an example, Mazen concluded that increasing prices on wine and beer are not likely to curb excessive use significantly as some studies show. Binge drinkers and individuals with alcohol addiction exhibit different demand elasticity compared to moderate drinkers, with demand among heavy drinkers less responsive to price change. Therefore, policies or recommendations to increase alcohol prices might not significantly reduce consumption among these groups, although they might still lower overall alcohol consumption in the general population.

[70] Taxation Options and Revenue Impacts - Legislative Revenue Office. The data from the official estimates of the "Tax Expenditure Report," which is produced every biennium by Department of Revenue in conjunction with the "Governor's budget request". The report examines all tax expenditures in the state and recommends which ones should sunset. The Small wineries can be found in Chapter 7, section 7.001. 2023-25 Tax Expenditure Report (oregon.gov).

[71] Ibid., page 9.

Using elasticities to determine the economic impact on alcohol addiction and prevention, Mazen then compared the point of sales tax (POST) vs. Privilege tax systems.[72] In Oregon, a privilege tax is levied on the production or distribution of wine, beer, and cider and is often paid by producers or distributors rather than the consumer. A POST is levied directly at the point of purchase and is typically add to the sale price of the product.



These taxes are part of a broader strategy to generate revenue for the state programs which might be used to manage alcohol consumption, including those aimed at mental health and substance abuse prevention. With price inelasticity, a POST can generate revenue without disturbing the market and without discriminating among consumers.[73]

August 19, 2024, Meeting # 14 (Agenda) Draft Recommendations

The Task Force met to discuss their preferred recommendations for the final legislative report. The Chair reviewed the procedural rules, including quorum and official action requirements, and Christy Monson of the Oregon Department of Justice discussed how to put forward each member's preferred recommendations so as best to comply with Oregon's public records laws, as well as the need to declare potential and actual conflicts of interest. Ms. Monson stated that because the Task Force was only making a recommendation to the Legislature and not taking any direct action, any conflicts of interest were very likely potential and not actual. Ms. Monson further recommended that each Task Force member read their preferred recommendations aloud and discuss them in the public meeting setting. After Task Force members asked about alternate methods of submission, Ms. Monson stated that she still recommended that each preferred recommendation be read aloud based on the current state of the law.

Task Force members read aloud their recommendations and declared potential conflicts of interest.

Focused Discussion:

Task Force members expressed concern about the limited meeting time remaining, and how best to accomplish the goals of the legislature in crafting HB 3610.

Some members felt it was best to try to establish common ground.

Senator Sollman expressed her concerns that until there is a clear understanding of how much money is available for behavioral health in Oregon, where that money is currently being spent, and

[72] Ibid., page 14.
[73] Ibid., page 15.

how effective it is, it will be difficult to recommend additional revenue generation. This concern was echoed by several industry members of the Task Force.

Robb Corbett expressed a desire to create a plan to take Oregon from "last to first" in addiction services. Aaron Sarnoff-Wood stated that he believed the information about Oregon being "last" in access to treatment services was inaccurate. He further expressed that the Task Force had not adequately addressed the question of "why are individuals having trouble accessing treatment?" He further stated that the access gap for individuals with private vs. Medicaid insurance was a significant problem.

Solara Salazar stated that the OHSU Gap Analysis showed clearly that Oregon had only 50% of needed treatment beds, and while that number may not be exact, it was accurate enough to show that Oregon did not have enough available treatment beds for those who needed them. That, to her, is the issue.

Aaron Sarnoff-Wood responded that the Gap Analysis was based on flawed methodology and estimates that were deemed unusable by federal agencies. He stated that without knowing more, whether beds were lacking in Portland or other areas, the Task Force would not know how to solve the problem.

Danelle Romain stated that she felt it was an issue that OHA was going to "study itself", and that third party audit of the agency was needed to assess the efficiency and efficacy of OHA's programs. Further, she recommended looking to other states for best practices in addiction treatment and prevention, and to assess whether Oregon's problem is a resource or effectiveness issue.

Chair Sanchez stated that regardless of what the numbers were, Oregon simply had a problem finding treatment beds, whether they were adults or children or suffered from alcohol use disorder or mental health issues. She believed the true problem was that treatment beds were not available.

Sean Kolmer agreed that whether the issue was beds or workforce that there is an access issue in Oregon. He believed that was common ground for the Task Force to build on, and determining whether that was caused by lack of sufficient resources directed to those programs or a need for new revenue, that was an issue the Task Force could address.

Fawn Berrie agreed, stating that access was a problem in the state, but expressed concern that a great deal of money had been spent on these issues, and if they could not figure out where that money had been spent, additional money would just be wasted, as the system was already broken.

Aaron Sarnoff-Wood stated that OHA could not account hundreds of millions of dollars of funding and was spending $130,000 a month on the Measure 110 hotline to only receive 30 calls since its creation. Chair Tawna Sanchez replied that Measure 110 was in statute and could not be altered before its implementation. Danelle Romain expressed that statute could be changed now via legislation, and changes to Measure 110 had already been made.

Dr. Tom Jeanne stated that OHA had issues to resolve with its behavioral health programs, but such a large effort took some time to "turn the ship around." He recommended that the Community Prevention Task Force had a long list of recommendations, including raising alcohol taxes, limiting outlet density, and rebutting privatization, that were evidence-based and should be considered by the Task Force.

Danelle Romain stated that all Oregon agencies submit KPIs to the Legislature to track their performance, but that was not a third-party audit, which she and the other industry members still recommended.

Annaliese Dolph expressed her concern about the discussion thus far, stating that she felt the ADPC is charged with tackling exactly these issues, and that an undue focus on OHA was neglecting the fact that multiple state agencies are involved in treatment and prevention, and that they would

all be needed to solve the problem that was the responsibility of everyone in the state of Oregon to solve. Chair Sanchez remarked that Annaliese had done an excellent job turning the ADPC into an organization that was taking proactive steps to solve Oregon's addiction problems.

Robb Corbett expressed frustration that due to Oregon's addiction issue, municipal courts are overrun, police are overworked, and he has heard of massive treatment centers being built for large amounts of money, but he had not seen any, and that the system remained broken, and until it was fixed, more money would not help the problem.

Fawn Barrie agreed that the best way to solve Oregon's problem was to look at what the top five states were doing and echo their best practices. She felt that just because Oregon was currently funding certain efforts does not mean all those efforts should be funded. She stated that Counties should be getting federal matching dollars.

Chief Doug Barrett, Confederated Tribes of Coos Lower Umpqua Siuslaw Indians, expressed his own frustration that, according to a Lane County article, the decision had been made to place into treatment and not arrest those suffering from addiction, but he questioned where the treatment centers were. He stated that individuals suffering addiction two years ago could not get treatment then, let alone now.

RECOMMENDATIONS RECEIVED FROM MEMBERS OF THE TASK FORCE

HB 3610 lists the following topics to be covered by the Task Force:

1. Alcohol Pricing, Addiction and Taxation: Potential impacts of increased taxes on beer, wine and cider on consumption and addiction rates; including benefits and drawbacks of imposing malt beverage and wine taxes, as well as additional funding options.[74]
2. Addiction Treatment and Prevention Services: Strategies for effective alcohol prevention and treatment, including current gaps and needs in local addiction treatment and recovery services.
3. Distribution of Resources: Allocation and utilization of resources for addiction services.
4. Overall Funding: Assessment of current funding levels for state and local government, and the impact of alcohol pricing and potential taxation on funding.
5. Public Education and Prevention: Best practices for public education and awareness programs, including community-based intervention and support systems.
6. Data Collection and Research: Challenges and needs for improvements in data collection and research methodologies related to alcohol addiction.
7. Potential Future Action: Any other action you believe the legislature should take in the future to address these issues.

We received the following 9 written recommendations from voting members of the Task Force.

Recommendation A

[...] recommend a point of sale tax increase on beer, wine, and cider that will raise enough money for a meaningful investment in youth primary prevention for local public health (referencing public health statutory obligation for prevention of chronic diseases ORS 431.144) and tribes; treatment; and recovery.

Recommendation B

1. **Alcohol Pricing, Addiction and Taxation:** Potential impacts of increased taxes on beer, wine and cider.

Members of the Task Force quibbled about the cost of the negative impact of alcohol on Oregonians, but it's safe to say the cost is enormous and entirely the responsibility of the alcohol industry - manufacturers, shippers, and retailers.

[74] HB 3610 (2023) Section 1(3)(a)-(f). -- issues related to alcohol addiction in the state, the prevalence of addiction, the allocation of resources for addiction treatment and the prevention, including the expected impact of proposed tax increases on the industry and the anticipated benefits for the overall cost of alcohol addiction to the state.

The EcoNW survey put the economic impact of alcohol of excessive drinking at $4.8 billion per year, which might seem astonishing but did not include several large and presumably costly additional groups of those harmed (such as alcoholics or people outside of Oregon who consume alcohol made in Oregon and shipped to other states or countries) - so the cost could be considerably higher.

Here's an example of costs not calculated by EcoNW from yesterday's Oregonian headline -

> Defense claims Portland man on trial for murder, hate crime was too drunk to knowingly kill High Dive patron

That cost and responsibility is high in part because both tax and regulation is low. Both cost and responsibility can and should be diminished through the already existing tools of government.

I am somewhat sympathetic to Oregon small businesses and individuals manufacturing alcohol, but since they already pay no tax and have little regulation or oversight, they should not have further exemption from tax or regulation.

I am in favor of an increase in alcohol tax to match the costs of impact. I am in favor of continued independent study of the impact of all types of alcohol on Oregonians and Oregon businesses, using generally accepted research methods, to measure the impact and harm of alcohol and to adjust taxes up or down as time goes on.

2. **Addiction Treatment and Prevention Services:** Strategies for effective alcohol prevention and treatment, including current gaps and needs in local addiction treatment and recovery services.

3**. Distribution of Resources:** Allocation and utilization of resources for addiction services.

I am exclusively interested in additional taxes providing medical treatment for alcoholism, and also supportive services for people who are actively moving toward an abstinence-based recovery from alcoholism. Inpatient treatment is needed - both long-term and short-term.

Outpatient treatment is needed - without waitlists or other barriers. The workforce needs to be refreshed and revived, especially in the area of quality. It is not sufficient to certify all who pass a test. Alcohol and drug free housing is needed in all areas of the state.

Specialized treatment services are needed - for people with intellectual disorders, people who are underage, for people who don't speak English, for people who also need psychiatric care, for people who have been traumatized by homelessness or imprisonment, for people whose gender does not conform with the majority, for people with alcoholism and other drug addictions, for people with sex addictions or gambling addiction. Social programs for people under 21 are needed as are recovery high schools. Support programs for family members and loved ones are needed.

Finally job training and placement are needed. Many of these services and supports could be managed through already existing agencies - if those agencies were both paid to provide the services and supports and educated to understand their importance.

If there are preventative services which can be shown with evidence from comparable US states to reduce alcoholism, they should be considered.

All taxes from alcohol - past and future - should be directed to the treatment of alcoholism and supportive services as incentives to help Oregonians remain sober.

4. **Overall Funding:** Impact of alcohol pricing and potential taxation on consumption and addition rates.

I'll rephrase the question. Do I think increased taxes will reduce consumption or alcoholism?

The Task Force was told increased taxes will reduce consumption. But the evidence was not shown beyond numbers, and the "plasticity" effect is marginal with alcoholics. I suspect below a 25% or 30% increase in overall cost of alcohol the price of alcohol has little effect on alcoholic behavior. It certainly does not cause remission or diminish the disease in any way.

What increased taxes can do is provide a clear and well lighted path to recovery from alcoholism, elimination in use of alcohol by people under twenty-one years old, elimination of use of alcohol by people who are pregnant, and supporting private agency advocacy to increase regulation to reduce signage, limit advertising, reduce number of retail outlets, reduce density of retail outlets, reduce impact of retail outlets to surrounding neighborhoods, and other items proven successful at reducing overall impact of alcohol.

5. **Public Education and Prevention:** Best practices for public education and awareness programs, including community-based intervention and support systems.

I am unaware that what Oregon currently offers for "Public Education and Prevention" provides any noticeable impact in reducing alcoholism.

6. **Data Collection and Research:** Challenges and needs for improvements in data collection and research methodologies related to alcohol addiction.

The EcoNW methodology for surveying the impact of excessive alcohol use was not one generally accepted by other national and world alcohol researchers. I'd suggest those commissioning further alcohol impact research discuss more standard and accepted methods with experienced and established researchers.

Recommendation C

1. **Alcohol Pricing, Addiction and Taxation**. Key recommendation: Refrain from increasing taxes on beer, wine, and cider.

   I don't trust the state to utilize the taxes appropriately. Ballot Measure 110 directed taxes to be used for "Drug Treatment and Recovery". They then redirected these funds to paying for expansion (?) of DPSST and harms reductions services. They created a crisis, developed a plan to meet the needs of that crisis, then raided the funds.

2. **Addiction Treatment and Prevention Services**. Key recommendation: Redirect M110 dollars to increase the payments to existing treatment facilities.

   We heard testimony from treatment providers who said they won't always take in Medicade/Oregon Health Plan patients because the reimbursement funding they receive from the state is lower than private insurance. By paying an adequate rate we would be effectivly expanding the capacity of treatment for those in our communities who need it the most.

3. **Distribution of Resources**. Key recommendation: Restore the language of M110 with regards to the distribution of the funding toward increased capacity for treatment.

   I believe the state realized they would create an influx in addiction when we decriminalized narcotics. The plan was to take back marijuana tax money and build the infrastructure needed to meet this new demand. We then diminished these resources by actions taken and reference in #1 above.

   I believe an outcome of M110 is the state prison system has seen a decline in inmates. Are there savings here that could be used for treatment?

4. **Overall Funding**. Key recommendation: If the state increases taxes, distribute these taxes according to the liquor tax distribution formula and don't bypass local government.

   Local government is on the front lines of the state's policies on addiction and mental health. Our most significant problem today is homelessness which I feel is primarily caused by the states failure to address addiction and mental health. Measure 110 removed funding from City's and counties making it harder for us to address these problems.

5. **Public Education and Prevention**. Key Recommendation: Change the laws around marketing alcohol to make it less appealing to drink.

   This recommendation ties onto the comments made about the ease of access, availability, and glamorizing alcohol. I mentioned being in the convenience store and seeing what looks like colored Christmas tree balls of alcohol for sale that can be easily purchased, taken to the car and drank. Other similar comments were made about travel size FIREBALL bottles for sale. All of these products promote a quick and easy high.

6. **Data Collection and Research**. Key Recommendation: Make data available to communities about the level of addiction that exists in our towns.

   Up to date data regarding addiction is not available to communities. This data is critical for local leaders to determine how big of a problem we have. The explanation from OHA is HPAA laws prohibit the state from sharing information. Those are federal laws which are interpreted by other states differently. For example, in Oregon we cannot get data about overdoses or overdose deaths that is newer than one year or more. In other states this data can be found that is no older than 30 days.

7. **Potential Future Action**. Key Recommendation: OHA should develop a plan to take us from last to first in addressing addiction in our state.

   We have already sent the message that marijuana use is ok. I understand that desire to have addicts clean rather than in jail. The problem was in the implementation. We should have built out the system to address addiction before we made it so easy for people to get and use drugs. I know that for many people, incarceration would be better than how they are currently living because I hear it from the recovery community as they reflect back on their lives as addicts.

   Aspiring to be the best in the nation at addressing addiction should be the standard and would make it easier for me to support additional revenues to make that happen.

Recommendation D

(Submitted by six of the HB 3610 Taskforce members)

Key Recommendation:

Alcohol taxes are a proven ineffective tool to control problem consumption, including excessive or teen drinking. If SUD funding is a priority, the legislature should utilize more than the existing 3% of alcohol revenues to fund SUD programs. Budgets are supposed to reflect values and priorities. OHA is not a trusted partner in this space, a third-party must "untangle the bowl of spaghetti" and unaccounted for revenue and prove results before proposing simply more revenue or increasing taxes on already struggling Oregon businesses. Beer, wine and cider are a vital part of Oregon's economy and identity and need the support of Oregon lawmakers and our communities.

Context and References:

1. **Alcohol Pricing, Addiction, Taxation:** The Taskforce has received overwhelming data from the EcoNorthwest firm and the Senior Economist in the Legislative Revenue Office that alcohol demand is inelastic and taxes are ineffective as a tool to control alcohol consumption, especially excessive or teen drinking. Knowing alcohol taxes do not curb problem consumption, the state should increase the use of existing tax and mark-up revenue beyond the current 3% to fund proven and vetted SUD programs.

2. **Addiction Treatment and Prevention Services:** OHA does not know whether money spent on behavioral health has made a difference because, as OHA testified to the Taskforce, OHA does not track the money after it is spent or hold providers accountable. OHA does not collect the minimum data necessary to determine what gaps in services may exist. No data is collected regarding

recovery asset utilization rates, outcomes resulting from recovery treatment, insurance barriers, existing prevention programs statewide, or public health benefits from recent increases in recovery funding. There is no attempt to measure success to make the case for additional or redirected resources from programs that are not producing desired outcomes.

Targeting beer, wine and cider will not solve Oregon's drug crisis. According to the OLCC and consistent with widespread industry data, alcohol sales are down across categories, and teen drinking is at historic lows.

The Legislature should inventory what school districts are already doing under the statutorily required substance use disorder prevention programs to understand what, if any, gaps exist in current prevention curriculum. To incentivize service providers, CCOs metrics, which are currently only tied to new patient diagnoses, could expand to include relapses so they're set up for success each time.

3. **Distribution of Resources:** Alcohol taxes are the state's third largest source of revenue. Less than 3% is earmarked for mental health and addiction. Reallocation of existing funds or earmarking any new OLCC revenue to proven and vetted SUD programs would be a logical step forward.

Oregon can improve distribution of resources and coordination. If we had a more effective central hub at the state level as recommended by experts, Oregon could take advantage of more federal matching funds. Our siloed approach limits funding and coordination opportunities. OHA could work to make funds less siloed and be more holistic in how they spend resources on public health, recognizing the reality of co-occurrences.

4. **Overall Funding:** Oregon's funding of SUD services is some of, if not, the highest in the nation per capita with little known about what we're buying and whether it's working or not . SUD funding has increased 100% since 2021, over $1 billion and we have little to show for it. OHA has more than they have spent, and these programs take time to show if they work or if funds should be redirected to other uses. Before spending more, we should evaluate if this new funding is working and if not, funds should be redirected to programs with proven results.

OHA presented what they spent in 2021-2023 but not what was budgeted by the legislature or other new revenue streams. And more was budgeted for 2023-2025 that wasn't presented during the Taskforce. A study in 2017 found Oregon spends more on drug addiction recovery and prevention than 75% of other states (ranked 14th in spending), yet we're one of the worst in outcomes (ranked 7th in needing but not receiving treatment for alcohol use disorder). And that was before we added $1 billion more in spending.

> Willamette Week "There's so much money because there's a crisis." "There's a real opportunity for people to take advantage."
>
> Congressman Earl Blumenauer, "The consensus of all these experts we brought together is that money is not the problem," he says. "The question is how we mobilize and utilize the resources we've got."

5. **Public Education & Prevention:** The Legislature should investigate substance use disorder curriculum for school education programs (something already mandated) to see if it's working. Teen drinking at historic all-time lows would suggest that mandate has seen some success. The state should inventory existing curriculum and assess success rates, and seek federal matches to optimize prevention programs and seek efficiencies.
OLCC alcohol licensee training programs should be examined for best practices. Additionally, the OLCC should use existing alcohol tax and mark-up revenue to ensure they are adequately enforcing Oregon's numerous alcohol control laws.

6. **Data Collection & Research:** A trusted third party should implement data collection for the state, including establishing a real-time database of SUD beds statewide, a tracking tool for OHA spending and provider outcomes, and a study on what's working in other states and why Oregon is spending more per capita for little results. With 7.4% of OHA's SUD budget unaccounted for according to OHA's Taskforce testimony, we also need a third party audit of OHA and SUD programs and funding.

Recommendation E

Keep positive prevention efforts going. Raise taxes. This is needed for more Youth Services, for treatment and prevention. Money for county and tribal prevention gaps. Culturally specific prevention for tribes and rural areas because we don't seem to get anything out in our little areas and like somebody else said it, most of the money goes to Portland and Eugene.

Recommendation F

ADPC Recommendations for Task Force on Alcohol Pricing and Addiction Services

1. **Alcohol Pricing, Addiction and Taxation**: Potential impacts of increased taxes on beer, wine and cider.

The ADPC 2020-25 strategic plan supports increased beer and wine taxes as well as reallocating marijuana and alcohol revenues to increase access to prevention, treatment and recovery services. It also includes a strategy to increase the price of alcohol and dedicate at least 10% of the revenue to alcohol and drug education programs. Any increase in taxes must take into account disproportionate impacts to specific populations with specific strategies for the revenue to address those impacts.

2. **Addiction Treatment and Prevention Services**: Strategies for effective alcohol prevention and treatment, including current gaps and needs in local addiction treatment and recovery services.

Oregon has done an excellent job expanding access to health care insurance. Now it is time to ensure access to substance use disorder treatment and services through that coverage. It is anticipated that the next ADPC strategic plan will focus on improving current coverage to ensure statewide access to necessary substance use services that are covered by Medicaid and other forms of insurance. Any new revenue streams generated from alcohol or other taxes should be dedicated to the portions of the continuum of care that are not sustainably funded or covered by Medicaid or other insurance – most notably, prevention and recovery services. That is not to say that one-time funding is not needed for treatment start-up costs or workforce incentives, but rather that a new ongoing funding stream should be dedicated to essential parts of the continuum of care that otherwise will not exist without ongoing funding.

Current system gaps are demonstrated through the OHSU gaps analysis, the Oregon inventory of services for co-occurring substance use and mental health disorders, the Public Consulting Group OHA Behavioral Health Residential + Facility Study, and the Oregon Health Authority (OHA) Substance Use Disorder Financial Analysis. It should be noted that none of these studies adequately analyze the need for youth substance use intervention and treatment services. Moreover, there is almost a complete lack of analysis of services where youth currently encounter state systems outside of OHA-funded services, namely in schools, juvenile justice, OYA, and through the child welfare system.

In line with the ADPC's statutory mandate to develop the comprehensive plan for Oregon's substance use disorder services system, as well as specific directives of HB 4002 (2024), the ADPC is currently working toward a revised state strategy to address substance use disorder for 2026-2030, including a Youth SUD Strategic Plan. The below recommendations are offered with the caveat that the Task Force recommendation request comes prior to the ADPC's comprehensive strategic planning which will have a component dedicated to youth substance use prevention, treatment, and recovery. Given that, these recommendations represent investments in existing gaps known to the Commission and assessment costs but will continue to evolve during the development of the strategic plan and must be centered in the experience of the youth, families and individuals experiencing these services.

ADPC Recommendation 2a: Primary Prevention and Youth Intervention Should be Supported by any new revenues generated from alcohol

1. **Create a sustainable revenue stream to support primary prevention efforts statewide.** This could be informed by the recent prevention funding awarded by the Opioid Settlement Prevention, Treatment and Recovery Board. In May of 2024, the Opioid Settlement Prevention, Treatment and Recovery Board

supported a $13.7 million investment in primary prevention workforce capacity and evidence-based primary/universal prevention. While this investment is historic and will provide needed immediate support, those funds are one time and are expected to be expended within a year (end of Fiscal Year 2025). The funds were allocated as follows:

a. Funding to Counties for Preventionist Capacity ($9.5 million). These funds will support the prevention workforce to implement evidence-based, proven strategies aligned with SAMHSA's Center for Substance Abuse Prevention (CSAP) Guidance and the Centers for Disease Control and Prevention's (CDC). Funds support primary preventionists, including salary and wages for new/existing preventionists; training and education for workforce; contracting; workforce assessment and planning; staffing/convening of local alcohol and drug planning committees and coalitions; blended strategies in implementing evidence informed Risk and Protective factors-focused programs; and services/supplies needed by a preventionist to fulfil their role with respect to evidence-based strategies.
b. Culturally-Linguistically specific CBOs ($3,756,000). These funds will support directly culturally and linguistically specific CBOs to conduct alcohol or overdose primary prevention activities to address disproportionate harms among populations of color and others experiencing health inequities. These grants would further support workforce development, workforce diversity, and the combination of evidence-based, cultural, and community-based practice.
c. Funding to Support a Credentialed Workforce ($450,000). These funds equate to additional training and certification opportunities for 100 new Certified Prevention Specialists over a biennium, using existing infrastructure through the Oregon Coalition for Prevention Professionals and Oregon Council for Behavioral Health.

2. **Support school-based prevention and intervention work:** The National Survey of Drug Use and Health shows that youth 12-17 are most likely to seek support at school or from a primary care doctor. Schools are uniquely positioned to support students and their families with prevention education and early intervention. In Oregon, there are individual school-based programs through School-Based Health Centers and county-school partnership programs (Teen Intervene in Washington County and Upshift in Deschutes County) that employ Screening, Brief Intervention, Referral to Treatment (SBIRT). However, there is not a statewide, cross-agency strategy for youth substance use screening, intervention and referral programs. Over the next year, ADPC will consider existing Oregon programs and other state models to develop the Youth Substance Use Disorder Strategic Plan, in collaboration with the System of Care Advisory Council and its Youth Council. ADPC is discussing preliminary recommendations with stakeholders that may be informative to the Task Force:

   Nationally, there are models that include school districts and education service districts that integrate the Student Assistance Program Framework and SAMHSA's "Talk, They Hear You" Campaign to create a comprehensive prevention and intervention program for students and their families. In Washington State, the Capital Area Education Service District (ESD 113) has created a licensed behavioral health program using this framework. The ADPC proposes two options to support proliferation of these programs.

   a. **Direct the ADPC -- in collaboration with OHA, ODE, county corrections, and OYA -- to inventory and assess feasibility of scaling up school and juvenile justice-based substance use screening, intervention and referral programs.** Oregon has existing programs through School-Based Health Centers, counties, education service districts, CBOs (working in or alongside schools) and school

districts, but there is no single inventory or environmental scan of capacity for all of the evidence-based and community informed screening and intervention practices throughout the state. In addition, there are county-based programs like the Deschutes County Juvenile Justice outpatient adolescent SUD program that uses evidence-based individual and family SUD therapy. The scope of this study would incorporate what currently exists, what capacity exists to implement promising strategies, and assessment of referral pathways/in-house delivery of outpatient services beyond brief intervention.

b. **Support school districts and education service districts to pilot implementation of parental, caregiver, and peer resources for prevention education and early intervention on alcohol use.** Provide 10 schools districts and/or education service districts grants to pilot and sustain comprehensive prevention and intervention programs using tools such as Student Assistance Program Framework and SAMHSA's "Talk, They Hear You" Campaign. These programs could be done in conjunction with school-based health centers, counties, and/or CBOs operating in partnership with schools.

There are not precise cost estimates for these options, but each is likely in the range of $2 million for each project.

ADPC Recommendation 2b: Recovery Services and Supports Should be Supported by any new revenues generated from alcohol

1. **Support Recovery High Schools.** HB 2767 (2023) establishes a limited number of approved Recovery High Schools in Oregon. These schools provide students with a specialized high school education experience tailored to meet the needs of students with substance use and co-occurring behavioral health needs. The law requires the operation of recovery schools to include academic standards, substance use recovery services, graduation program evaluation, and recovery school accreditation guidance. Recovery Schools receive a base level of state education funding of $600,000 annually to achieve the education and service objectives above; however, the ADPC understands that annual operating costs are closer to $730,000 annually. There will be nine approved Recovery Schools by 2027. Any new funding should be considered to re-examine the current funding model, support health and treatment/recovery related operating costs in existing schools, and for expansion of the model. Additional funding would also be required to expand beyond the current plan for nine schools.

2. **Support Recovery Hubs and Recovery Services Statewide.** An emerging state strategy for states to build infrastructure for recovery services not usually covered through Medicaid is through statewide plans for regional Recovery Hubs. A Recovery Hub is responsive to local recovery needs, recognizing that recovery in one region of the state may require different services than recovery in another area. By engaging the recovery community on current needs, advocating for and serving recovery stakeholders, and providing technical assistance, Recovery hubs facilitate a full range of recovery support services within a region, allowing individuals seeking recovery to access resources like Recovery Community Centers, peer drop-in centers and recovery housing where available. A Recovery Hub can also provide a bridge to other recovery services like Oregon's expanding Recovery High Schools. While cost estimates for a statewide

model do not yet exist, we know that Pennsylvania launched this model with only $4 million in grant funding to support 6 hubs.

Recovery Community Centers are a recognized resource in the recovery continuum that is lacking in Oregon. Using recent funding allocations from the Opioid Settlement Prevention, Treatment and Recovery Board for guidance, the Board recently allocated $11.75 million to expand access to Recovery Community Centers to five counties without services. Once that investment is complete, another 23 counties still remain with no access to this form of recovery services. If each county without services were to establish an RCC, an additional $57.5 would be needed for minimum statewide access. This figure is a low estimate, as most counties would be best served by multiple RCCs. It should be noted that the OHSU Gaps Analysis estimated the need for 145 total Recovery Community Centers in Oregon. Once the projects proposed to the Opioid Settlement Board are active, Oregon's total number of RCCs will be around 25.

3. **Distribution of Resources:** Allocation and utilization of resources for addiction services.

The ADPC 2020-25 strategic plan considers increased beer and wine taxes as well as reallocating marijuana and alcohol revenues to increase access to prevention, treatment and recovery services. The Task Force heard testimony from counties regarding the positive effect that Measure 110 had on local substance use disorder services after cannabis funds were allocated to substance use disorder services. The Task Force should consider allocation of resources to specifically serve populations disproportionately impacted by substance use disorder.

It should also be noted that the Alcohol and Drug Policy Commission plays a unique role in Oregon in developing the state comprehensive plan for substance use disorder services and ensuring the efficiency and effectiveness of those services across state agencies. The ADPC conducts this work with only 4 permanent staff. The ADPC does not allocate or even advise on the allocation of alcohol revenue. The ADPC could play a role in aligning the distribution of resources with strategies to improve efficiency and effectiveness of substance use disorder services.

4. **Overall Funding:** Impact of alcohol pricing and potential taxation on consumption and addiction rates.

5. **Public Education and Prevention:** Best practices for public education and awareness programs, including community-based intervention and support systems.

The current ADPC strategic plan includes public education campaigns, statewide education, and training as necessary strategies to create greater public awareness, destigmatize substance use disorder and increase access to prevention, treatment and recovery services. There is not a specific strategy or funding to support this effort.

6. **Data Collection and Research**: Challenges and needs for improvements in data collection and research methodologies related to alcohol addiction.

There are many challenges and needs for improvement in data collection and ongoing research in order to drive data-informed decision making in Oregon. The ADPC is currently hiring additional staff, albeit for a limited duration position, to lead the development of data strategies across the ADPC participating state agencies. It is also anticipated that the 2026-30 strategic plan for the state will result in an action dashboard to track local and state level metrics for the state. The following recommendations are offered with the caveat that the ADPC will be prioritizing strategies during the development of the next strategic plan with agency and stakeholder input. Current known gaps include the following:

- Gaps in prevalence data that includes severity of disorder and treatment gaps data that does not identify the level of treatment needed. The current prevalence data could be supplemented with more robust data gathered by the state.
- We often want to know about population data – like how many people in Oregon have substance use disorder, are in recovery, or how many have resolved a drug or alcohol issue. Each of these categories can be filled by individuals who never touch the BH system or receive medical care regarding SUD. This means surveys, focus groups, and community engagement must be enhanced and supported, as they are the only way of obtaining information from these individuals.
- Current state data related to the availability of residential treatment, withdrawal management, hospital, outpatient provider openings, drop-in and urgent care is incomplete and not available in real-time. Numerous efforts could be brought together, incentivized and fully funded.
- Compatible Electronic Medical Record systems do not exist amongst all SUD providers. Funding incentives and support of system compatibility is needed.
- Oregon has not defined metrics and/or research methodologies to measure stigma and pathways to recovery.
- A data system that brings together local data, cross-system data (criminal justice and healthcare data for instance) and statewide metrics does not exist.
- The ADPC is proposing a dashboard to track implementation of the next strategic plan on an ongoing basis, alongside Substance-use related indicators. It is anticipated that additional resources will be required for the design and testing of the dashboard. North Carolina's dashboard is one example. In North Carolina, the NC Department of Health and Human Services worked with community partners to develop an Opioid and Substance Use Action Plan (OSUAP), now in its third iteration. The NC OSUAP data dashboard brings together data on 15 public health indicators and 16 local actions across 8 strategies. The Action tab allows the user to track county by county progress on implementing the priority strategies identified in NC's Opioid and Substance Use Action Plan Data Dashboard. NC also created a menu of local actions for local governments to implement as best practice. Additional state examples include the Michigan Overdose Data to Action Dashboard which tracks metrics related to access to treatment, including annual # of publicly funded SUD treatment episodes; median time to treatment; buprenorphine dispensing rates by county; and county by county substance use vulnerability index. Hawaii connects substance use, mental health, co-occurring and crisis dashboards through a behavioral health dashboard. Oregon requires a unique solution. The existence of the ADPC, as an overarching, cross-agency strategy and oversight body, is uniquely suited to utilize a dashboard to measure the state's progress related to substance use disorder.

Recommendation G

OHA Recommendations to the Task Force
on Alcohol Pricing and Addiction Services (HB 3610)

Overview

This document outlines evidence-based, proven strategies and recommendations across Oregon's Substance Use Disorder (SUD) Continuum of Care (primary prevention, harm reduction, treatment, and recovery). These also reflect OHA's comprehensive, statewide approach to achieving maximum population health impacts through state and community interventions; mass-reach health communications; linkages to and provision of treatment, health care, and recovery supports; data and evaluation; and administration and management.

A summary of OHA's recommendations is provided first, followed by detailed recommendations with rationales.

Summary of recommendations

1. Alcohol Pricing, Addiction and Taxation

Recommendation: Increase beer, wine and cider taxes and index them to inflation. Allocate new revenues to effective prevention, treatment and recovery programs.

2. Addiction Treatment and Prevention Services

Recommendation: Make investments to equitably address prevention and treatment gaps as identified in the 2024 SUD Fiscal Analysis, including strengthening local and county prevention programs; establishing additional sobering centers; funding recovery supports and peer services for individuals not enrolled in a treatment episode (not covered by OHP); adding additional peer and parent mentors to support children, youth, and families impacted by substance use; and directly funding culturally and linguistically specific CBOs, Federally Recognized Tribes, and Oregon's Regional Health Equity Coalitions (RHECs).

3. Distribution of Resources

Recommendation: Ensure foundational local/county prevention program infrastructure and expand culturally specific services and supports provided in rural and rural remote communities.

4. Overall Funding

Recommendation: Generate new sustainable funding sources for state, Tribal and local government programs across the SUD continuum of care; dedicate funding for a comprehensive substance use

prevention program that assures foundational statewide coverage and addresses SUD-related health inequities.

5. Public Education and Prevention

Recommendation: Develop and implement regular paid media campaigns that are sufficiently funded for statewide mass-reach (e.g. Rethink the Drink, 988, Smokefree Oregon, Safe & Strong, Heal Safely, etc.); fund and support local/county-level effective prevention programs and strategies, including culturally specific community-based organizations, Regional Health Equity Coalitions (RHECs), federally recognized Tribes, and tribal serving organizations; increase youth engagement and leadership in OHA-PHD and other stage agencies' Youth Advisory Committees and School Based Programs and Youth-Led Projects to ensure culturally responsive and youth directed prevention efforts.

6. Data Collection and Research

Recommendation: Dedicate resources towards a robust, coordinated, and sustainable behavioral health surveillance system that addresses specific data needs for population-level prevention, harm reduction, treatment, and recovery.

7. Potential Future Action

Recommendation: Aligned with CPSTF recommendations, support evidence-based actions to reduce excessive alcohol use and related harms at the community level; consider other pricing and tax strategies to further reduce excessive alcohol use and fund prevention, treatment and recovery efforts; and explore other evidence-based prevention interventions shown to be effective in reducing alcohol related harm or increasing knowledge about harms such as 0.05% blood alcohol content (BAC) per se laws.

Detailed recommendations with rationales

1. Alcohol Pricing, Addiction and Taxation: Potential impacts of increased taxes on beer, wine and cider on consumption and addiction rates; including benefits and drawbacks of imposing malt beverage and wine taxes, as well as additional funding options.

Recommendation:

• Increase beer, wine and cider taxes and index them to inflation. Allocate new revenues to effective prevention, treatment and recovery programs.

Rationale:

• The Community Preventive Services Task Force (CPSTF) recommends increasing the unit price of alcohol by raising taxes to reduce excessive alcohol use and related harms. This recommendation is based on a systematic review of 73 studies that show strong effectiveness of this policy in reducing excessive alcohol use and related harms at the population level.

• Excessive alcohol use causes harm that extends beyond consumers of alcohol. An increased cost of consumption would be more reflective of the tremendous cost that alcohol imposes on Oregonians through increased demand for services resulting from consequences of excessive alcohol use.

• Oregon has among the highest morbidity and mortality related to excessive alcohol use in the nation. In 2022, Oregon was 7th highest out of 50 states and D.C. for alcohol-induced deaths. (Source: Kaiser Family Foundation)

• Oregon's beer and wine excise taxes are currently among the lowest in the country.

- Oregon's beer tax is ranked 45th out of 50 states and D.C. and has not been raised since 1977.
- Oregon's wine tax is ranked 31st of the 50 states and D.C. and has not been raised since 1983. (Source: Tax Foundation's State Tax Comparisons, 2024)
- However, most states have sales taxes that apply to alcohol in addition to alcohol excise taxes. When sales taxes are included, Oregon ranks 51st (last) for beer taxes and 50th (second to last) for wine taxes. (Source: 2024 Oregon Public Finance Basic Facts)
- Oregon's excise taxes on beer, wine and cider have not been increased in more than 40 years, and their value has been extensively reduced due to inflation.
  - If Oregon's beer tax had kept up with inflation, it would now be $13.46 per barrel/$0.41 per gallon compared to the current $2.60 per barrel/$0.08 per gallon.
  - If Oregon's wine tax had kept up with inflation, it would now be $2.12 per gallon compared to the current $0.67 cents per gallon.

• Even if price increases were not to decrease consumption at the population level, new revenues can still be invested in effective, evidence-based programs and services that will decrease excessive alcohol use and mitigate alcohol-related harms, including addiction.

2. Addiction Treatment and Prevention Services: Strategies for effective alcohol prevention and treatment, including current gaps and needs in local addiction treatment and recovery services.

Recommendation:

• Make investments to address prevention and treatment gaps as identified in the 2024 SUD Fiscal

Analysis:

- Fund additional sobering centers to support deflection and crisis response; these are not covered by OHP
- Add an alcohol subject matter expert (SME) for OHA. This person would be lead for increasing access to alcohol specific services such as medication for alcohol use disorder (MAUD), liaising with local public health alcohol misuse prevention services, and for developing and implementing alcohol related policy.
- Treatment services are generally supported by OHP, but recovery supports and peer services for individuals not enrolled in a treatment episode are not; increased alcohol tax revenue could help pay for these services. OHA and providers can focus on engagement with people who may not yet be able or willing to engage in treatment, system navigation assistance to ensure individuals can access the services and supports that will benefit them, and continued engagement with people in early recovery who are no longer enrolled in treatment.

- Add additional peer and parent mentors to support children, youth, and families impacted by substance misuse.

• Scale up current OHA-funded substance use prevention programs to ensure a minimal, equitable distribution of prevention coordinators and related programming across the state and each of the Nine Federally Recognized Tribes.

• Directly fund culturally and linguistically specific Community Based Organizations (CBOs), Federally Recognized Tribes, and Oregon's Regional Health Equity Coalitions (RHECs).

Rationale:

• The 2024 SUD-Financial-Analysis-Report highlights major gaps in Oregon's prevention system, with most counties unable to fund a minimum 1.0 FTE Alcohol and Other Drug Prevention Coordinator (most are part time) and some counties without any funding for overdose prevention and response efforts.

• Funding local community primary prevention programs and workforce assures foundational statewide capacity to implement evidence-based, proven strategies outlined by the CPSTF, such as local needs assessment, outreach, health education, youth–adult programming, public awareness campaigns, coalition building, overdose response planning, policy development, and school–community partnerships.

• Funding culturally specific CBOs and RHECs builds system capacity to respond to disproportionate impacts of substance use related harms in communities of color and other impacted communities.

3. Distribution of Resources: Allocation and utilization of resources for addiction services.

Recommendation:

• Prioritize funding for culturally specific services and for services and supports provided in rural and rural remote communities.

Rationale:

• Culturally specific services and services for individuals in rural areas are the most difficult to access and limited. Prioritizing funding here will support Oregonians the most in need.

4. Overall Funding: Assessment of current funding levels for state and local government, and the impact of alcohol pricing and potential taxation on funding.

Recommendation:

• Generate new sustainable funding sources for state and local government programs across the SUD continuum of care.

• Dedicate funding for a comprehensive substance use prevention program that assures foundational statewide coverage and addresses SUD-related health inequities.

Rationale:

• The 2024 SUD-Financial-Analysis-Report summarizes Oregon's current funding and programming landscape and related gaps.

• The State of Oregon allocated approximately $1 billion to substance use programming and services during the 2021–2023 biennium. Funding for primary prevention of tobacco, alcohol, and other drugs (including overdose) is a small fraction of that at $58 million.

• Increased and continuing funding for primary prevention can leverage the one-time, $13.7 million funding allocation for primary prevention recently approved by the Oregon Opioid Settlement Prevention Treatment and Recovery (OSTPR) Board.

• Sustainable funding assures adequate infrastructure to develop, implement, and evaluate effective, proven substance use prevention strategies lor the long term.

5. Public Education and Prevention: Best practices for public education and awareness programs, including community-based intervention and support systems.

Recommendation:

• Develop and implement regular paid media campaigns on substance use that are sustainably funded for statewide mass-reach (e.g. Rethink the Drink, 988, Smokefree Oregon, Safe & Strong, Heal Safely, etc.)

• Fund and support local/county level effective prevention programs and strategies, including culturally specific community-based organizations, Regional Health Equity Coalitions (RHECs), Federally Recognized Tribes, and Tribal serving organizations (also supports Recommendation #4).

• Increase youth engagement and leadership in OHA-PHD and other stage agencies' Youth Advisory Committees and School Based and Youth-Led Projects to ensure culturally responsive and youth directed prevention efforts.

Rationale:

• Mass-reach health communication interventions can prevent initiation, reduce use, and shape social norms about substance use.

• According to best practice, traditional mass media, particularly television ads, are the best way to encourage and sustain behavior change.

• Evidence shows that longer, well-resourced campaigns demonstrate greater effectiveness in reducing risk behaviors.

• Engaging with community partners in prevention efforts can ensure that interventions are adaptable, sustainable, and meet the needs of differing communities.

• Both CDC and SAMSHA define youth engagement and youth leadership development as effective, evidence-based substance use prevention strategies

6. Data Collection and Research: Challenges and needs for improvements in data collection and research methodologies related to alcohol addiction.

Recommendation:

• Dedicate resources towards a robust, coordinated, and sustainable behavioral health surveillance system that addresses specific data needs for population-level prevention, harm reduction, treatment, and recovery.

Rationale:

• Oregon has limited infrastructure for planning, collecting, analyzing, and reporting on alcohol related data even though alcohol is a leading contributor to preventable substance use-related harms in Oregon.

• State-level population estimates from national data sources cannot provide local area estimates or information by detailed demographics. This includes prevalence estimates of substance use disorders and access and utilization of treatment and recovery services.

• Reporting and use of treatment and recovery data and information is severely limited by privacy laws.

• Alternative methods to collect timely substance-related data among priority youth and adult populations (e.g., African Americans, Latinos, American Indian/Alaska Natives, and sexual minority populations) and strengthen data equity/sovereignty infrastructure, including community-led participatory research and strategic planning, are needed to fill critical infrastructure gaps.

• A more comprehensive data system can inform public education campaigns, inform prevention and intervention initiatives, especially for young people, and improve service delivery.

- Continue to make youth-led improvements in Oregon Student Health Survey via funding for the Oregon Youth Data Council.

7. Potential Future Action: Any other action you believe the legislature should take in the future to address these issues.

Recommendation:

• In line with CPSTF recommendations, support actions to reduce excessive alcohol use and related harms at the community level, including:

- Regulation of alcohol outlet density
- Increase electronic screening and brief interventions to reduce excessive alcohol use, including via OHP
- Enhance enforcement of laws prohibiting sales to minors
- Maintain government control of retail liquor sales, limits on days/hours of sale, and dram shop liability laws

• Consider other pricing and tax strategies to further reduce excessive alcohol use and fund prevention, treatment and recovery efforts.

• Explore other evidence-based prevention interventions shown to be effective in reducing alcohol related harm or increasing knowledge about harms such as:

- 0.05% blood alcohol content (BAC) per se laws supported by public safety and transportation authorities

- Opportunities for consumer education about alcohol and cancer risk at point-of-sale warning signs.

Rationale:

• The CPSTF recommendations are based on a systematic review of 73 studies that show strong effectiveness of these interventions reducing excessive alcohol use and related harms at the population level. Excessive alcohol use causes harm that extends beyond consumers of alcohol.

• A volumetric tax is simplest and has been shown to reduce population-level consumption. An ad valorem tax is more progressive and would target higher value-added products. An ethanol-based tax would shift consumers towards lower-ethanol products. Combining these taxes with minimum unit pricing would directly target low-priced, high-volume products.

• Laws limiting the blood alcohol concentration (BAC) of drivers are one key intervention to reduce alcohol-impaired driving and the resulting crashes, injuries, and fatalities. Based on a large body of supporting evidence, a report by the National Academies of Sciences, Engineering, and Medicine recommends that states lower the BAC limit set by state law from 0.08% to 0.05% to reduce deaths from alcohol-impaired driving

• While point of sale signage or warnings are not included in the CPSTF recommendations, health and consumer groups recommend increasing consumer knowledge around alcohol and cancer risk. Researchers estimate that cancers associated with alcohol consumption affect nearly 90,000 Americans each year, and that alcohol consumption represents the third largest modifiable risk factor contributing to cancer cases in women (behind smoking and obesity) and the fourth largest in men (behind smoking, obesity, and UV radiation). As an example, Alaska recently passed a new law requiring warning signs for alcohol cancer risks at point of sale signage in their "Alcoholic Beverages and Cancer Act."

Recommendation H

My recommendation is to implement a beer, wine, and cider tax dedicated to funding youth specific recovery services in Oregon. It was heartbreaking and unconscionable to learn about the utter lack of youth primary prevention services and treatment services in Oregon. Below are my specific recommendations for how to implement this endeavor:

1. **Point of Sale Tax:** Implement a point-of-sale tax on beer, wine, and cider.

2.**Progressive Tax Rate:** Implement a progressive tax rate that accounts for inflation.

3.**Allocate Funds to Youth Specific SUD Services:** Legislate that a majority of the revenue generated from the alcohol tax is earmarked exclusively for youth primary prevention services (including culturally specific services and utilizing culturing specific curriculum), youth substance use treatment services, and recovery high schools.

4.Pilot Programs and Research: The additional portion of the revenue should be utilized to fund youth-specific pilot projects and research initiatives that evaluate the effectiveness of different prevention strategies, ensuring that the most effective methods are being utilized.

5.Allocate Funds Based on Population: Distribute the revenue generated from the alcohol tax to the ADPC who will then distribute it to all Oregon counties (proportionally based on their population). This ensures that areas with higher populations receive more funding to address their specific needs, while also supporting the needs of rural communities.

Recommendation I

1. Support recommendations on distributions of current revenue to be utilized effectively and efficiently across programs, by state and local governments for prevention and/or service delivery.
2. Through the various presentations we have been provided, there continues to be a clear need for services. However, a few presentations have demonstrated the potential for current budget opportunities to support existing needs and potential new needs.

APPENDICES

APPENDIX A: RESOURCES REVIEWED BY THE TASK FORCE MEMBERS

- House Bill 3610 (Full text of House Bill)
- Task Force - Purpose & Roles
- Task Force - Proposed Rules and Procedures
- 2019 Oregon Health Insurance Survey
- 2023 State Shared Revenue Report - League of Oregon Cities
- Legislative Policy Research Office - Recent Alcoholic Beverage Industry Legislation
- Legislative Policy Research Office - Report on Alcohol Regulation
- MHACBO (Mental Health & Addiction Certification Board of Oregon) - OHA Workforce Survey
- OHA: Excessive Alcohol Use
- Oregon Substance Use Disorder Services Inventory and Gap Analysis
- Oregon Health Authority (OHA) Substance Use Disorder Financial Analysis (April 2024)
- Questions and Answers on the SUD Financial Analysis
- The Role of Distributors in Oregon's Three-Tier System
- 2024 OLCC Ways & Means Presentation Q&A
- 2023 OLCC Legislative Session Summary
- 2022 OLCC Legislative End of Session Report
- 2021 OLCC Legislative Session Summary
- Review Questions from Task Force Members

APPENDIX B: LIST OF TASK FORCE MEMBERS

Task Force Members' Representation	Names	Email/Phone Contact Information
Senate Democrat	Senator Janeen Sollman, (D) District15	Sen.JaneenSollman@Oregonlegislature.gov
Senate Republican	Senator Tim Knopp, (R) District 27	knoppt@oregonlegislature.gov
House Democrat	Representative Tawna Sanchez, (D) District 43	SancheT@oregonlegislature.gov Rep.TawnaSanchez@oregonlegislature.gov
House Republican	E. Werner Reschke, (R) – District 55	reshke@oregonlegislature.gov
Oregon Liquor and Cannabis Commission (OLCC)	Craig Prins, Executive Director	Craig.prins@oregon.gov Administrative Assistant, Laura Paul
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A representative malt beverages industry	Marcus Reed, Widmer Brewing	Mreed.taskforce@gmail.com
A representative from wine industry	Fawn Barrie, Oregon Wine Council Executive Director	
A representative from wine industry	Jana McKamey, Oregon Winegrowers Association Executive Director	jmckameytaskforce@gmail.com
A representative of the Cider industry	Aaron Sarnoff-Wood, Co-Founder, 2 Towns Ciderhouse	aaronSWTaskForce@2townsciderhouse.com Secondary: aaron@2townsciderhouse.com
A representative of the alcohol addiction advocacy community	Jason Renaud, Board Secretary, Mental Health Association of Portland	
A Community Care Organization	Todd Jeter, LCSW, CADC III (Director of Behavioral Health | Interim Director SDoH-E &Transformation, Samaritan Health Plans – Inter Community Health	Network Coordinated Care Organization (IHN-CCO) tjeter@samhealth.org
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Alcohol and Drug Policy Commission (ADPC)	Annaliese Dolph, Executive Director, Alcohol Drugs and Policy Commission	ANNALIESE.DOLPH@oha.oregon.gov
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A representative of the Association of Oregon Counties (AOC)	Sarah Lochner, Executive Director, Oregon Coalition of Local Health Officials	sarah@oregonclho.org
A representative of the League of Oregon Cities (LOC)	Robb Corbett, City Manager of Pendleton	**robb.corbett@ci.pendleton.or.us**
A representative of hospitals in this state	Sean Kolmer, MPH EVP, External Affairs, Hospital Association of Oregon	skolmer@oahhs.org
A community provider of alcohol addiction services	Solara Salazar, MS CADC II QMHAr (she/her/hers); Co-Founder & Executive Director - Cielo Treatment Center	S.Salazar@cielotreatmentcenter.com
A community provider of alcohol addiction services	Doug Barrett, Confederated Tribes of Coos, Lower Umpqua and Siuslaw	doug.barrett@ctclusi.org