

HEART OF THE VALLEY HOME BREWERS

This is the HOTV Newsletter
VOLUME XXVII, NUMBER 2
February 2007

PRESIDENT: Royal Williard
VICE PRESIDENT: Bill Baxter
TREASURER: Mike Gallagher
FESTIVAL CZAR: Scott Caul
NEWSLETTER EDITOR: Dan Crall
LITTER CZAR: Kristen Taylor

THIS MONTH'S MEETING

This month's meeting will take place on WED, Feb. 21st at Calapooia Brewery in Albany, formerly known as Oregon Trader. The address is 140 Hill St. N.E., and the phone number is (541) 928-1931.

Directions: From CORVALLIS

Take Hwy 20 into Albany. Once you go over the bridge that takes you into town, start looking on your left for 2nd St. Take a left on 2nd St. and follow the road until you go over a small hill with railroad tracks. At this point, look on your left for Hill St. NE, which should be about 2 streets after the tracks. Turn left on Hill St., and go about 2 blocks to Water St., where the brewpub is located at the corner.

If you are interested in carpooling, send an email to the list at hotv@peak.org. Leave your phone number so that people can contact you.

To see a map with directions, go to <http://www.google.com/maps> and type in 140 Hill St. N.E., Albany, Oregon.

Dan Crall - Editor
hotvnews@yahoo.com

Please send newsletter submissions before the 4th of each month. Have a great rest of February.

President-- Royal Williard
bikeguyrw@yahoo.com
Vice President-- Bill Baxter
bad930s@hotmail.com
Festival Czar-- Scott Caul
tela94@comcast.net
Treasurer-- Mike Gallagher
dbapaddy@hotmail.com
Newsletter Editor, Recycling Czar-- Dan Crall
hotvnews@yahoo.com
Litter Czar-- Kristen Taylor
TAYGEL@comcast.net

KUDOS CORNER

Our litter Czar, Kristen Taylor, would like to thank all our litter picker-uppers who helped along HWY 20 on Jan 13th. The people that showed up were Scott Caul, Tom Parker, Mitch Ridge, Charley Renn, Mike Gallagher, Dan Crall and of course, Kristen Taylor.

It was a pretty cold day and only seven of us were there, but we got 36 bags of garbage picked up in record time! I don't really know if it took any shorter time than usual but it sure felt like we all got it cranked out quickly! Also, a big thanks to Mark at Calapooia Brewing for donating some growlers of good brew to quench our thirst after our tough work!

For KUDOS Corner, I want to include all relevant prizes and milestones for club members and our allies.

Don't be left out - send all information to hotvnews@yahoo.com

CLUB DUES

It's been a busy year, but if you haven't done so yet, club dues must be sent to our new club treasurer, Mike Gallagher. The cost is \$15, but the return is priceless.

1345 NW 11th St.
Corvallis, OR 97330



© 1995-2009 HOTV

ORE HOUSE BILL 2535 - Upcoming Beer Tax for Oregon

"The Bitter Truth about Beer Tax"
by Gary Fish, Deschutes Brewery - Bend, OR

A bill has been drafted that will get considerable play in the upcoming legislative session in Salem. The bill imposes a malt beverage cost recovery fee of \$32.00 per barrel of 31 gallons. This amount is in addition to the \$2.60 per barrel currently charged by the State of Oregon.

That's right, a 1,300%+ increase in the tax on beer! Oregon would go from the fifth lowest to the highest in the nation immediately!!

Now that that amount has settled in, it might be valuable to understand the rationale for such an insane increase. According to the act:

1 Oregon has one of the lowest, if not the lowest ³effective tax² on malt beverages in the Nation. Actually, Oregon has the 5th lowest excise tax in the nation behind Wyoming, Missouri (Anheuser Busch), Wisconsin (Miller) and Colorado (Coors). And what do those states have in common? I left you hints in parentheses. OK, Wyoming just likes low taxes. They are producer states who tend not to tax core industries that produce for the rest of the country and bring benefit to their state. Oregon has the healthiest craft beer industry in the nation, by far.

2 Oregon's current wholesale malt beverage tax is a fixed rate that does not keep up with inflation and has not been raised for 30 years. True. Logic does not connect that with the need to increase taxes and hurt homegrown businesses. The state of Oregon is currently running a budgetary surplus. Excise taxes are fundamentally regressive as well because they impact lower income earners disproportionately. And if our only criteria for raising taxes is how long it has been since it has been raised, I'm guessing quite a few others may be ready for an increase as well. Where is the logic? Where is the sense? Oh, yeah, it's Salem.

3 Oregon collects only \$1 of alcohol tax for every \$39 of alcohol-related healthcare costs. I thought we were talking about beer, not alcohol in general. How many of you responsible beer drinkers are costing society that \$39? Punishing all beer drinkers for what alcohol might do across a broad spectrum of the society is bad public policy. Meanwhile there is increasing scientific (the real thing) evidence that moderate consumption of alcohol (primarily beer and wine) is actually beneficial to health. Where is the credit for that? And, who can deny the benefit to society of the local pub where people actually talk to each other rather than sitting secluded in a dark room in front of a keyboard and monitor for their human interaction. Maybe those people in Salem need to visit their local pub a little more often.

4 Alcohol abuse and alcoholism cost each Oregonian \$683 annually. I don't know where this number comes from, but as with the bullet above, the vast majority of beer drinkers are responsible, moderate drinkers. As mentioned above, there is increasing evidence moderate drinking may very well be beneficial to a person's health. Add to that, the excise taxes the state currently collects on beer and wine do not go to this effort. Why not start by redirecting those funds first? By the way, anyone think of taxing fast food for the obesity epidemic, or cars for the rash of accidents? Some think this new source of revenue would be appropriate to help with the meth epidemic. Beer=Meth=what!??

5 17% of alcohol sold in Oregon is consumed by underage drinkers. Again, the source is unclear and refers to alcohol, rather than beer. But, beer is the only beverage being unfairly targeted. The beer industry spends millions (aka taxes itself) annually on keeping beer away from underage drinkers. And since statistics have been kept since 1982, all indicators nationally continue to decrease steadily regarding underage drinking, showing the programs are working and real progress is being made.

6 Increasing alcohol taxes reduces underage drinking. The statistics surrounding this are unclear at best and show no connection at all, at worst. What is clear is that any consumer group that operates outside the law is the least price sensitive group there is.

There is more to the proposal, but you get the picture. What seems to be missing in the proposal is Economics or Business 101. The proposal assumes that the increase will be passed directly along to the consumer at their "dime-a-drink" rate, as though this was a sales tax. It is a tax on the manufacturer, or importer. With us, this becomes part of our cost structure like all other taxes (property, payroll, income, etc.) which we then figure out how to make a profit on (if we can). We then sell to a wholesaler, who adds their percentage and sells to a retailer who also adds their percentage. So, assuming we could pass it along, it would be much more than that "dime-a-drink" by the time it got to you. Reality is that, in a competitive marketplace, it is very difficult to pass along costs directly when competing with multi-national companies who have vast markets to cost-share with. Our own pricing structure has not kept up cost increases for at least the past five years.

The proposed bill actually states that the increase will ³help Oregon's small breweries (less than 200,000 barrels) by leveling the playing field with the large (read out-of-state) breweries. This is a clear violation of the Interstate Commerce Clause of the Constitution by penalizing out-of-state business in favor of in-state business. Meaning that the bill could be overturned requiring all collected monies to be returned, leaving an even bigger hole in the state's budget. (Then what do you think they would do?) Now, Deschutes Brewery currently falls below that 200,000 barrel threshold (we will produce around 160,000 barrels in 2006). However, we hope (and expect) to pass that mark in the next couple of years. When we do that 200,001st barrel will cost us well over \$2,500,000 in taxes!! I'd call that a disincentive to grow wouldn't you?

I could go on and on about why this proposal is horrible public policy. Suffice it to say, if you love, and are passionate about beer in Oregon, you will want to watch this one develop as the legislature goes into session after the New Year. We may be asking people to let their legislators know not to tax their beer! We may all have to participate to keep this ridiculous proposal from becoming reality. Let your elected representative know you don't want your beer taxed any more!!

ORE House Bill 2535

Corvallis: Sara Gelser-D, District 16 503-986-1416

Albany: Andy Olson-R, District 15 503-986-1415

Rural outskirts of Benton, Western Polk, Yamhill Counties: Brian Boquist-R, District 23 - 503-986-1423

Full listing of State Representatives at <http://www.leg.state.or.us/house/>

Other links:

Online version of bill: <http://www.leg.state.or.us/07reg/measures/hb2500.dir/hb2535.intro.html>

Beervana: <http://beervana.blogspot.com/2007/02/beer-taxes-introduced.html>

OLCC RULING FOR THE OREGON BREWERS' FESTIVAL

As some of you know, the OLCC (Oregon Liquor Control Commission), has ruled that underage kids are not allowed to attend the Oregon Brewers' Festival. They cited OLCC Rule 845-006-0340 (7) (a) in which "eating predominates" and the premise must not have a "drinking environment."

More information on this and the upcoming festival, taking place on July 26 -29th, can be found at <http://www.oregonbrewfest.com/>

I have been told that the OLCC has received a number of responses to this and you can contact their Executive Director, Stephen Pharo, to let him know what you think.

PH: 503-872-5000, 1-800-452-6522.

Email: steve.pharo@state.or.us

HOTV CLUB EQUIPMENT

by Joel Rea

Our club has brew gear that is available for members to use. All of the items reside at Corvallis Brewing Supply. There is a one week check out limit unless pre-arranged with the equipment dude...that would be me.

- RIMS (Recirculating Infusion Mash System) Due to the tenacity of this piece of equipment I would strongly suggest that you have a training brew session with someone who has experience in using it. Scott Caul has in the past been gracious to hold open house brewing sessions with this fine□ piece (of equipment) usually several times of the year.
- Motorized Grain Mill
- CO₂ kit - Includes CO₂ bottle, regulator and tool box full of draft parts
- Oxygen Bottle and Infusion Stone
- Counter Pressure Bottle Filler
- Low-Pressure Burner with tank
- 12 gallon Stainless Steel Liquor Tank
- 15 gallon Stainless Steel Mashtun / Lautertun
- Bench Capper
- 10 gallon Cornelious Keg
- AHA Style Guidelines Books 1-8

If you have a piece of equipment that is collecting dust and you would like to donate it to the club please let me know.

EVENTS CALENDAR

UPCOMING AHA COMPETITIONS

from <http://www.beertown.org/homebrewing/schedule.html>

March/April 2007

Scottish Ale

Entry fee \$7.

Hosted by Phil Clarke of the New York City Homebrewers Guild of New York, NY.

This competition covers BJCP 2004 Category 9 A, B, and C: the Scottish Light 60/-, Scottish Heavy 70/-, and Scottish Export 80/- styles.

For more information, contact Phil Clarke at doglebe@yahoo.com

May 2007

Extract Beers

Entries accepted between 4/20/07 and 5/4/07 and judging will be held 5/11/07. Entry fee \$7.

Shipping/drop-off location: TBD

Hosted by John Martin and the Homebrewers Of Peoria (HOPs) of Peoria, IL.

This competition covers All BJCP 2004 beer styles (Categories 1-23)*. Extract must make up more than 50% of the fermentables.

For more information, contact John Martin at n922m@dr.com

BEER RELATED EVENTS in FEBRUARY

- KLCC Microbrew Festival 2/9 and 2/10, FRI/SAT in Eugene
<http://beeradvocate.com/events/info/11381>
- Beer & Chocolate Tasting @ Rogue (Portland) 2/14, WED (Valentine's Day) in Portland
<http://beeradvocate.com/events/info/12242>
- 14th Annual Hillsdale Brewfest 2/17, SAT in Portland <http://beeradvocate.com/events/info/12016>
- ASBC Local Section 7 Winter Meeting 2/25, SUN in Pacific City□
<http://beeradvocate.com/events/info/12091> For more on the ASBC Local Section 7, contact club member Scott Bruslind. analabor@peak.org