

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2486
Revenue Area:	Wine Tax
Economist:	Mazen Malik
Date:	04/10/2007

Measure Description:

Establishes that the bond required by Oregon Liquor Control Commission (OLCC) for the operation of a winery cover taxes on the sale and use of the winery's agricultural equipment. Allows the OLCC to waive bond for wineries if the licensee was not liable for a privilege tax in the immediate preceding calendar year, and does not expect to be liable in the current calendar year, or if the winery was established in the current calendar year and does not expect to be liable for a privilege tax in the current calendar year.

Revenue Impact:

Minimal impacts of less than \$50 thousand a biennium to the OLCC tax payments and its transfers to the general fund.

Impact Explanation:

Oregon wineries are required to provide a surety bond to the Oregon Liquor Control Commission (OLCC) to cover unpaid wine taxes. However, the surety bond does not cover grape tonnage taxes. A winery is exempt from paying a privilege tax on the first 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon, which comes from a United States manufacturer of wines annually producing less than 100,000 gallons, or 379,000 liters. This bill creates a discretionary exception to the surety bond requirement for small wineries that are eligible for the small production exception from wine privilege taxes, and permits the surety bond to cover unpaid tonnage tax. A winery pays a tonnage tax for grapes they use to process into wine at the current rate of \$25 per ton, with the tax proceeds going primarily toward research at institutions such as Oregon State University to further the state's horticulture industry. The bill increases slightly the possibility of defaulting on payment of taxes without a bond to back it up.

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