

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 3 - 2 - 0

Yeas: George L., Monnes Anderson, Metsger

Nays: Deckert, Starr

Exc.: 0

Prepared By: Janet Adkins, Administrator

Meeting Dates: 5/30

WHAT THE MEASURE DOES: Authorizes a county, by a vote of its board, to impose a tax on the retail sale of beer or wine. Specifies that revenue from such a tax may be used only to fund public health and safety operations. Allows persons to sell and ship wine or cider directly to an Oregon resident if they possess a direct shipper permit issued by the Oregon Liquor Control Commission. Limits who can be issued a permit to persons with a license issued by this state or another state that authorizes a person to manufacture wine or cider; authorizes the sale of wine or cider produced only from grapes or other fruit grown under the license holder's control, authorizes the retail sale of wine or cider, or a winery trade association. Requires a \$50 registration fee and maintaining a minimum \$1,000 bond or other security if the permit applicant holds a license from another state or is a nonprofit trade association. Establishes the procedure for issuing a direct shipper permit. Imposes requirements for sales and shipments under the permit. Establishes violations for selling to minors or selling without possessing a permit. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Necessity of direct shipment provisions to maintain current ability of wineries
- Similar provisions in California and Washington
- Low level of Oregon beer and wine taxes
- Beer and wine taxes, and consumption rates compared to distilled spirits

EFFECT OF COMMITTEE AMENDMENT: Authorizes a county to impose a tax on the retail sale of beer or wine. Specifies that revenue from such a tax may be used only to fund public health and safety operations.

BACKGROUND: Direct Shipment: In *Granholm v. Heald*, 544 U.S. 460 (2005), the United States Supreme Court ruled that a state cannot enact laws blocking out-of-state wineries from shipping directly to customers in that state, while simultaneously allowing wineries to ship within the state. Many states are changing statutes relating to direct wine shipment in response to the court case. In Oregon, a person must currently possess a valid Winery License or a Growers' Sales Privilege (GSP) License to ship wine as well as a Basic Permit from the federal Alcohol and Tobacco Tax and Trade Bureau (TTB). House Bill 2171-B modifies the current statute relating to direct shipper permits by directing the Oregon Liquor Control Commission to issue direct shipper permits only to persons who possess a valid license, either in Oregon or another state, to manufacture wine or cider; as well as those who are a winery trade association. The measure adds provisions that establish violations for those who knowingly or negligently deliver wine or cider to minors, and who sell or ship wine directly to Oregon residents without a permit. It also requires permit holders to submit a monthly report to the Commission regarding all shipments made to Oregon residents during the preceding month, and allows the agency to refuse to issue or to suspend/revoke a permit if the holder fails to comply with the measure's provisions.

County option tax: Taxes are currently imposed at the state level on beer and wine manufactured or distributed in Oregon. Current rates are 8.4 cents per gallon of beer and 67 or 77 cents per gallon of wine, depending on its alcohol content. Two cents of the wine tax is distributed to the Wine Board and the remainder of the beer and wine tax revenues are distributed 50 percent to the OLCC Account and 50 percent to mental health and drug abuse prevention. Current law prohibits local governments from imposing taxes or fees on alcoholic beverages. HB 2171-B allows counties to impose a tax on the retail sale of beer or wine dedicated to public health and safety.

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This summary has not been adopted or officially endorsed by action of the committee.