

REVENUE: No Revenue Impact

FISCAL: Fiscal statement issued

Action: Do pass with amendments to the B engrossed bill and be printed engrossed

Vote: 4-1-0

Yeas: Burdick, Monroe, Starr, Deckert

Nays: G. George,

Exc.:

Prepared By: Mazen Malik, Economist

Meeting Dates: 6/13, 6/22

WHAT THE BILL DOES: Allows a person 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 \$1000 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:

- Local needs. Impact on county transportation and other public services.
- Wine producing counties. Yamhill, Washington, Columbia, and others.
- The original intent of the bill as a response to the court case.
- Wine tourism, wine country, Oregon Pinot Noir.
- Newberg and Dundee segment of 99w, and the casino traffic.
- Different treatment and assessment of agricultural lands and commercial land and businesses.

EFFECT OF COMMITTEE AMENDMENTS: Takes out the permissive tax language to counties.

BACKGROUND:

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 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 or are a winery trade association. The measure also adds provisions, which 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.

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