

REVENUE: Revenue statement issued  
FISCAL: No fiscal impact

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Action: Do Pass  
Vote: 4 - 0 - 1  
Yeas: George L., Monnes Anderson, Starr, Metsger  
Nays: 0  
Exc.: Deckert  
Prepared By: Janet Adkins, Administrator  
Meeting Dates: 5/16

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**WHAT THE MEASURE DOES:** Establishes that the bond required by the Oregon Liquor Control Commission for the operation of a winery covers taxes on the sale and use of the winery's agricultural equipment (tonnage tax). Allows the commission to waive bond for small 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. Allows waiver 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.

**ISSUES DISCUSSED:**

- Small wineries able to avoid the expense of obtaining a surety bond because they do not produce enough wine for a privilege tax to be imposed
- Difference between privilege tax and tonnage tax

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Oregon wineries are required to provide a surety bond to the Oregon Liquor Control Commission (OLCC) to cover any unpaid wine taxes (privilege taxes). However, the surety bond does not cover grape tonnage taxes, and OLCC is denied from easily seeking payment of unpaid tonnage tax. House Bill 2486 permits the surety bond to cover unpaid tonnage tax, and also creates a discretionary exception to the surety bond requirement for small wineries that are eligible for the small production exception from wine privilege taxes.

A winery pays a tonnage tax for grapes it uses for 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. A winery is exempt from paying a state 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.