

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 0 - 1
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Schaufler
Nays:	0
Exc.:	Smith P.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	2/19, 4/30

WHAT THE MEASURE DOES: Allows the Oregon Liquor Control Commission to issue a wine self-distribution permit to a wine or cider manufacturer based within the United States. Establishes that a permit holder is responsible for paying privilege tax and maintaining records as established in current statute for all wine and cider sold and transported to retailers, and must post bond or other security of at least \$1000. Allows a self-distribution permit holder to sell at wholesale and transport wine or cider that the manufacturer produces directly to the commission, or to retail licensees who hold a valid endorsement issued by the commission authorizing the receipt of wine or cider from the permit holder. Requires retailers to report monthly regarding wine or cider received from self-distribution permit holder. Exempts full and limited on-premises retail licensees from reporting the receipt of less than two cases of wine per month from an individual permit holder.

ISSUES DISCUSSED:

- Provisions of the measure
- Court case in Washington regarding self-distribution
- Obstacles some retailers have in purchasing small amounts of wine from outside Oregon
- Potential loss of privilege taxes if reporting does not take place
- Other types of Oregon Liquor Control licensees that would like to have a wine self-distribution permit
- How to ensure that privilege taxes are collected

EFFECT OF COMMITTEE AMENDMENT: Clarifies the intent of the measure.

BACKGROUND: HB 2677 A establishes the mechanisms for the Oregon Liquor Control Commission (OLCC) to issue self-distribution permits to out-of-state wineries as well as the current allowance of issuing permits to Oregon-based wineries. The measure was introduced in reaction to a decision by the OLCC to reject an application by a Washington winery for a warehouse license. Subsequent legal briefs pointed out that the disparity in self-distribution privileges between in-state and out-of-state wineries can be challenged under the United States Supreme Court decision of *Granholm vs. Heald*, which 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.

The measure clarifies that self-distribution permit holders can only sell wine or cider that they directly produce to the OLCC to retailers who have been approved to receive shipments. Both the permit holder and the retailer are responsible for maintaining records pertaining to shipments and deliveries. Retailers are required to report monthly regarding the amount of wine received from permit holders; full or limited on-premises licensees (i.e. bars and restaurants) are exempt from reporting deliveries of less than two cases of wine from an individual permit holder. The permit holder is responsible for paying privilege taxes and following other statutes relating to wineries and the wine industry.

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