

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

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Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	3 - 0 - 2
Yeas:	George L., Starr, Metsger
Nays:	0
Exc.:	Deckert, Monnes Anderson
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	5/30

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**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 taxes 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 \$1,000. Allows a self-distribution permit holder to sell at wholesale and to 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 holders. 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:**

- Court case in Washington regarding self-distribution
- Obstacles some retailers have in purchasing small amounts of wine
- Potential loss of privilege taxes if reporting does not take place
- Why common carriers are required to file transportation plans

**EFFECT OF COMMITTEE AMENDMENT:** Resolves conflicts with House Bill 2486.

**BACKGROUND:** House Bill 2677-B establishes 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 in *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 and 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, but 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 per month. 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.***