

REVENUE: No revenue impact

FISCAL: No fiscal impact

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Action: Do Pass as Amended and Be Printed Engrossed

Vote: 3 - 0 - 2

Yeas: George L., Monnes Anderson, Metsger

Nays: 0

Exc.: Deckert, Starr

Prepared By: Janet Adkins, Administrator

Meeting Dates: 2/5

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**WHAT THE MEASURE DOES:** Permits a distillery licensee to apply for and hold up to two “full on-premises” alcohol sales licenses; one for a location at the licensed distillery and one for another location. Expands the types of distilleries that may offer tastings and be approved to sell their products on premises and at one other location.

**ISSUES DISCUSSED:**

- Parallels between micro-distilleries today and growth in popularity of brewpubs
- Lack of explicit authority for on-premise sales without brewpub license
- Protection of state revenues under the measure
- Oregon Liquor Control Commission concerns with original bill
- Equal treatment of in-state and out-of-state distilleries

**EFFECT OF COMMITTEE AMENDMENT:** Replaces provision in the original bill that would have allowed distilleries to sell wine, malt beverages, and distilled alcohol by the drink with a provision that allows distilleries to obtain an full on-premises sales license in order to sell by the drink. Deletes unnecessary provisions that granted exceptions for on-premise sales for certain distilleries that obtained brewpub licenses.

**BACKGROUND:** 1997 legislation allowed distillers that distill brandy or pot-distill other liquors to provide tastings and be approved to sell their bottled products on their premises and at one other location. It also allowed them to have restaurants on their premises by first obtaining a “brewery-public house” license. Other types of distilleries currently may not offer tastings or sell their products on premises due to a general law that precludes wholesalers and producers from selling alcohol at retail without specific authority to do so.

SB 451-A would allow any distillery to offer tastings and be approved to sell bottled products on premises and at one other location. It would also allow any distillery to apply for a separate license, a “full on-premises” alcohol sales license, that would allow operation of a restaurant and sales by the drink without having to first obtain a brewpub license. The requirement under the bill to have a full on-premises license to sell alcohol by the drink is consistent with constitutional provisions that require food to be prepared and sold where distilled alcohol is served and also would require the licensee to have liquor liability insurance and to meet various food service standards. Under current law and SB 451-A, the state receives a mark up from each sale.

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