

# House Bill 3255

Sponsored by COMMITTEE ON REVENUE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Imposes additional privilege tax on malt beverages of \$\_\_\_\_\_ per barrel. Creates State Hospital Financing Fund to receive tax revenues. Continuously appropriates moneys in fund to Oregon Department of Administrative Services to pay costs of debt incurred for purpose of constructing new state mental hospital facilities.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to state mental hospital facilities; creating new provisions; amending ORS 471.810, 473.030,  
3 473.047, 473.065 and 576.775; appropriating money; prescribing an effective date; and providing  
4 for revenue raising that requires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. The State Hospital Financing Fund is established in the State Treasury,**  
7 **separate and distinct from the General Fund. Interest earned by the State Hospital Financing**  
8 **Fund shall be credited to the fund. The fund shall consist of moneys deposited in the fund**  
9 **under ORS 471.810 (2) and such other amounts as may be appropriated to the fund by the**  
10 **Legislative Assembly. All amounts in the fund are continuously appropriated to the Oregon**  
11 **Department of Administrative Services and may be used only to pay the costs of debt in-**  
12 **curred for the purpose of constructing new state mental hospital facilities.**

13 **SECTION 2.** ORS 473.030 is amended to read:

14 473.030. (1) A tax is imposed upon the privilege of engaging in business as a manufacturer or  
15 as an importing distributor of malt beverages at the rate of \$2.60 per barrel of 31 gallons on all such  
16 beverages.

17 **(2) In addition to the tax imposed under subsection (1) of this section, a tax is imposed**  
18 **upon the privilege of engaging in business as a manufacturer or as an importing distributor**  
19 **of malt beverages at the rate of \$\_\_\_\_\_ per barrel of 31 gallons on all such beverages.**

20 [(2)] **(3)** A tax is imposed upon the privilege of engaging in business as a manufacturer or as an  
21 importing distributor of wines at the rate of 65 cents per gallon on all such beverages.

22 [(3)] **(4)** In addition to the tax imposed by subsection [(2)] **(3)** of this section, a manufacturer or  
23 an importing distributor of wines containing more than 14 percent alcohol by volume shall be taxed  
24 at the rate of 10 cents per gallon.

25 [(4)] **(5)** In addition to the taxes imposed by subsections [(2) and] **(3) and (4)** of this section, a  
26 manufacturer or an importing distributor of wines shall be taxed at the rate of two cents per gallon.  
27 Notwithstanding any other provision of law, all moneys collected by the Oregon Liquor Control  
28 Commission pursuant to this subsection shall be paid into the account established by the Oregon  
29 Wine Board under ORS 182.470.

30 [(5)] **(6)** The rates of tax imposed by this section upon malt beverages apply proportionately to

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 quantities in containers of less capacity than those quantities specified in this section.

2 [(6)] (7) The taxes imposed by this section shall be measured by the volume of wine or malt  
3 beverages produced, purchased or received by any manufacturer. If the wine or malt beverage re-  
4 mains unsold and in the possession of the producer at the plant where it was produced, no tax im-  
5 posed or levied by this section is required to be paid until the wine or malt beverage has become  
6 sufficiently aged for marketing at retail, but this subsection shall not be construed so as to alter  
7 or affect any provision of this chapter relating to tax liens or the filing of statements.

8 **SECTION 3.** ORS 471.810 is amended to read:

9 471.810. (1) At the end of each month, the Oregon Liquor Control Commission shall certify the  
10 amount of moneys available for distribution in the Oregon Liquor Control Commission Account, and  
11 after withholding such moneys as it may deem necessary to pay its outstanding obligations shall  
12 within 35 days of the month for which a distribution is made direct the State Treasurer to pay the  
13 amounts due, upon warrants drawn by the Oregon Department of Administrative Services, as fol-  
14 lows:

15 (a) Fifty-six percent, or the amount remaining after the distribution under subsection (4) of this  
16 section, credited to the General Fund available for general governmental purposes wherein it shall  
17 be considered as revenue during the quarter immediately preceding receipt;

18 (b) Twenty percent to the cities of the state in such shares as the population of each city bears  
19 to the population of the cities of the state, as determined by the State Board of Higher Education  
20 last preceding such apportionment, under ORS 190.510 to 190.610;

21 (c) Ten percent to counties in such shares as their respective populations bear to the total  
22 population of the state, as estimated from time to time by the State Board of Higher Education; and

23 (d) Fourteen percent to the cities of the state to be distributed as provided in ORS 221.770 and  
24 this section.

25 (2) The commission shall direct the Oregon Department of Administrative Services to:

26 (a) Transfer 50 percent of the revenues from the taxes imposed by ORS 473.030 (1), (3) and  
27 (4), 473.035 and 473.040 to the Mental Health Alcoholism and Drug Services Account in the General  
28 Fund to be paid monthly as provided in ORS 430.380; and

29 (b) **Transfer all revenues generated from the tax imposed by ORS 473.030 (2) to the State  
30 Hospital Financing Fund created under section 1 of this 2007 Act.**

31 (3) If the amount of revenues received from the taxes imposed by ORS 473.030 (1), (3) and (4)  
32 for the preceding month were reduced as a result of credits claimed under ORS 473.047, the com-  
33 mission shall compute the difference between the amounts paid or transferred as described in sub-  
34 sections (1)(b), (c) and (d) and (2)(a) of this section and the amounts that would have been paid or  
35 transferred under subsections (1)(b), (c) and (d) and (2)(a) of this section if no credits had been  
36 claimed. The commission shall direct the Oregon Department of Administrative Services to pay or  
37 transfer amounts equal to the differences computed for subsections (1)(b), (c) and (d) and (2)(a) of  
38 this section from the General Fund to the recipients or accounts described in subsections (1)(b), (c)  
39 and (d) and (2)(a) of this section.

40 (4) Notwithstanding subsection (1) of this section, no city or county shall receive for any fiscal  
41 year an amount less than the amount distributed to the city or county in accordance with ORS  
42 471.350 (1965 Replacement Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the  
43 1966-1967 fiscal year unless the city or county had a decline in population as shown by its census.  
44 If the population declined, the per capita distribution to the city or county shall be not less than  
45 the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required to

1 maintain the level of distribution under this subsection shall be paid from funds credited under  
 2 subsection (1)(a) of this section.

3 **SECTION 4.** ORS 473.047 is amended to read:

4 473.047. (1) As used in this section, “qualified marketing activity” means marketing activity:

5 (a) That promotes the sale of wine or wine products;

6 (b) That does not promote specific brands of wine or wine products or exclusively promote the  
 7 products of any particular winery; and

8 (c) That has been approved by the Oregon Wine Board.

9 (2) A credit against the privilege tax otherwise due under ORS 473.030 [(2)] (3) is allowed to a  
 10 manufacturer or importing distributor of wine for the qualified marketing activity expenditures made  
 11 by the manufacturer or importing distributor in the calendar year prior to the year for which the  
 12 credit is claimed.

13 (3) The credit allowed under this section shall be 28 percent of the sum of the following:

14 (a) One hundred percent of the cost of qualified marketing activity to the extent that the cost  
 15 of the activity does not exceed the amount of taxes the manufacturer or importing distributor of  
 16 wine owed under ORS 473.030 [(2)] (3) on the first 40,000 gallons, or 151,000 liters, of wine sold an-  
 17 nually in Oregon; and

18 (b) Twenty-five percent of the tax owed under ORS 473.030 [(2)] (3) for qualified marketing ac-  
 19 tivity on wine sales above 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon.

20 (4) The credit allowed under this section may not exceed the tax liability of the manufacturer  
 21 or importing distributor of wine under ORS 473.030 [(2)] (3) for the calendar year following the year  
 22 in which qualified marketing activity occurred.

23 (5) A manufacturer or importing distributor of wine that wishes to claim the credit allowed un-  
 24 der this section shall submit with the manufacturer’s or importing distributor’s tax return form a  
 25 certificate issued by the board verifying that the marketing activity was a qualified marketing ac-  
 26 tivity. The credit shall be claimed on the form and include the information required by the Oregon  
 27 Liquor Control Commission by rule.

28 (6) The credit shall be claimed against the taxes reported on the return filed under ORS 473.060  
 29 for each month in the calendar year following the year in which the qualified marketing activity  
 30 occurred, until the credit is completely used or the year ends, whichever occurs first.

31 (7) The board shall by rule further define, consistent with the definition in subsection (1) of this  
 32 section, the marketing activities that constitute qualified marketing activity.

33 **SECTION 5.** ORS 473.065 is amended to read:

34 473.065. (1) If a manufacturer’s total tax liability under ORS 473.030 (1) **and** (2) in the previous  
 35 calendar year was less than \$1,000, the manufacturer may deposit with the Oregon Liquor Control  
 36 Commission an amount in cash equal to the manufacturer’s total tax liability under ORS 473.030 (1)  
 37 **and** (2) for the previous calendar year in lieu of the bond required by ORS 471.155 (1).

38 (2) If a manufacturer’s actual tax liability under ORS 473.030 (1) **and** (2) is less than the amount  
 39 deposited under subsection (1) of this section, the manufacturer may request that the commission  
 40 refund the excess funds or may apply those funds toward the manufacturer’s tax liability under ORS  
 41 473.030 (1) **and** (2) for the next calendar year.

42 (3) If a manufacturer’s actual tax liability under ORS 473.030 (1) **and** (2) is greater than the  
 43 amount deposited under subsection (1) of this section, the manufacturer shall pay to the commission  
 44 the additional amount owed in the manner required under ORS 473.060.

45 **SECTION 6.** ORS 576.775 is amended to read:

1       576.775. Moneys received on behalf of the Oregon Wine Board pursuant to ORS 473.030 [(4)] (5)  
2 and 473.045 shall be deposited into the account created by the board under ORS 182.470 and are  
3 continuously appropriated to the board as provided in ORS 182.470, exclusively for use by the board  
4 in carrying out the provisions of ORS 576.750 to 576.775. The board shall allocate a portion of the  
5 moneys received from sources other than fees toward research in enology and viticulture and toward  
6 promotion of the Oregon wine grape growing and wine making industries, including administrative  
7 costs associated with either category.

8       **SECTION 7. The amendments to ORS 473.030, 473.047, 473.065 and 576.775 by sections 2,**  
9 **4, 5 and 6 of this 2007 Act apply to tax reporting periods beginning on or after January 1,**  
10 **2008.**

11       **SECTION 8. This 2007 Act takes effect on the 91st day after the date on which the reg-**  
12 **ular session of the Seventy-fourth Legislative Assembly adjourns sine die.**