

# House Bill 2771

Sponsored by COMMITTEE ON REVENUE (at the request of Bridgeview Winery)

## 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**.

Subjects small vintners to wine taxation by eliminating exemption.  
Applies to wine tax reporting periods beginning on or after January 1, 2010.  
Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to small vintner exemption from wine tax; creating new provisions; amending ORS 471.227  
3 and 473.050; prescribing an effective date; and providing for revenue raising that requires ap-  
4 proval by a three-fifths majority.

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

6 **SECTION 1.** ORS 473.050 is amended to read:

7 473.050. In computing any privilege tax imposed by ORS 473.030 or 473.035:

8 (1) No malt beverage, cider or wine is subject to tax more than once.

9 (2) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine sold to  
10 the Oregon Liquor Control Commission or exported from the state.

11 (3) No tax shall be levied, collected or imposed upon any malt beverage given away and con-  
12 sumed on the licensed premises of a brewery licensee, or sold to or by a voluntary nonincorporated  
13 organization of army, air corps or navy personnel operating a place for the sale of goods pursuant  
14 to regulations promulgated by the proper authority of each such service.

15 (4) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine deter-  
16 mined by the commission to be unfit for human consumption or unsalable.

17 *[(5) No tax shall be levied, collected or imposed upon the first 40,000 gallons, or 151,000 liters, of*  
18 *wine sold annually in Oregon from a United States manufacturer of wines producing less than 100,000*  
19 *gallons, or 379,000 liters, annually.]*

20 **SECTION 2.** ORS 471.227 is amended to read:

21 471.227. (1) A grower sales privilege license shall allow the licensee to perform the following  
22 activities only for fruit or grape wine or cider where all of the fruit or grapes used to make the  
23 wine or cider are grown in Oregon under the control of the licensee:

24 (a) To import, store, transport or export such wines or cider.

25 (b) To sell such wines or cider at wholesale to the Oregon Liquor Control Commission or  
26 licensees of the commission.

27 (c) To sell such wines or cider at retail directly to the consumer for consumption on or off the  
28 licensed premises.

29 (d) To conduct the activities allowed under paragraph (a), (b) or (c), or all, of this subsection  
30 at a second or third premises as may be designated by the commission.

31 (e) To obtain a special events grower sales privilege license which shall entitle the holder 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 conduct the activities allowed under paragraph (c) of this subsection at a designated location other  
2 than the one set forth in the grower sales privilege license for a period not to exceed five days.

3 (2) For purposes of ORS 471.392 to 471.400, a grower sales privilege licensee shall be considered  
4 a manufacturer.

5 (3) A person holding a winery license in another state is not eligible for a license under this  
6 section.

7 (4) A person licensed under this section is not eligible for a limited on-premises sales license  
8 or an off-premises sales license.

9 (5) As used in this section, "control" means the grower either owns the land upon which the  
10 fruit or grapes are grown or has a legal right to perform or does perform all of the acts common  
11 to fruit farming or viticulture under terms of a lease or similar agreement of at least three years'  
12 duration.

13 (6) For the purposes of tax reporting, payment and record keeping, the provisions of law that  
14 shall apply to a manufacturer under ORS chapter 473 shall apply to a grower sales privilege  
15 licensee[, *but such a licensee is not a manufacturer for purposes of ORS 473.050 (5)*].

16 **SECTION 3. The amendments to ORS 471.227 and 473.050 by sections 1 and 2 of this 2009**  
17 **Act apply to wine tax reporting periods beginning on or after January 1, 2010.**

18 **SECTION 4. This 2009 Act takes effect on the 91st day after the date on which the reg-**  
19 **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**

20