

House Bill 2924

Sponsored by Representative HOLVEY; Senator PROZANSKI (Presession filed.)

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**.

Removes limitations on alcohol content, minimum amount, source and place of consumption for malt beverages sold by brewery. Allows brewery to sell malt beverages at retail at one premises other than premises where manufacture occurs. Allows brewery to obtain special events license.

A BILL FOR AN ACT

1
2 Relating to brewery licensees; amending ORS 471.168, 471.220 and 471.311.

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

4 **SECTION 1.** ORS 471.220 is amended to read:

5 471.220. (1) A brewery license shall allow the manufacture, importation, storage, transportation,
6 wholesale sale and distribution to licensees of the Oregon Liquor Control Commission, and the ex-
7 port of malt beverages. [*Except as specifically provided in this section, no brewery licensee shall sell*
8 *any malt beverages to be consumed on the licensed premises. No brewery licensee shall sell within the*
9 *State of Oregon any beer containing more than six percent alcohol by volume.*]

10 (2) A brewery licensee may:

11 [*(a) Sell malt beverages brewed on the licensed premises for consumption on the licensed premises;*
12 *and]*

13 [*(b) Sell malt beverages brewed on the licensed premises and containing not more than eight per-*
14 *cent alcohol by volume, in quantities of not less than five gallons, to an unlicensed organization, lodge,*
15 *picnic party or private gathering. Such malt beverages shall not be sold by any such unlicensed*
16 *group.*]

17 **(a) Sell malt beverages manufactured on or off the licensed premises at retail for con-**
18 **sumption on or off the premises;**

19 **(b) Sell malt beverages in brewery-sealed packages at retail directly to the consumer for**
20 **consumption off the premises;**

21 **(c) Sell wine and cider at retail for consumption on or off the premises;**

22 **(d) Conduct the activities described in paragraphs (a) to (c) of this subsection at one**
23 **premises other than the premises where the manufacturing occurs, as designated by the**
24 **Oregon Liquor Control Commission; and**

25 **(e) Obtain a special events brewery license entitling the holder to conduct the activities**
26 **allowed under paragraphs (a) to (c) of this subsection at a designated location other than the**
27 **location set forth in the brewery license for a period not exceeding five days.**

28 **(3) A brewery licensee that, as provided under subsection (2)(d) of this section, operates**
29 **at a premises other than the premises where manufacturing occurs is a retail licensee with**
30 **respect to that location for the purposes of ORS 471.394 and may not acquire or hold any**
31 **right, title, lien, claim or other interest, financial or otherwise, in, upon or to the premises,**

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 **equipment, business or merchandise of any other manufacturer or wholesaler, as defined in**
 2 **ORS 471.392. A brewery licensee is also a manufacturer for the purposes of ORS 471.398 and,**
 3 **except as provided in subsection (2)(d) of this section and ORS 471.400, may not acquire or**
 4 **hold any right, title, lien, claim or other interest, financial or otherwise, in, upon or to the**
 5 **premises, equipment, business or merchandise of any other retail licensee, as defined in ORS**
 6 **471.392. The brewery licensee must be the sole owner of a premises described in subsection**
 7 **(2)(d) of this section.**

8 (4) **A brewery licensee that, as provided under subsection (2)(d) of this section, operates**
 9 **at a premises other than the premises where manufacturing occurs is a retail licensee for**
 10 **the purposes of ORS 471.398 and, except as otherwise provided by subsection (2)(d) of this**
 11 **section and ORS 471.400, may not accept directly or indirectly any financial assistance de-**
 12 **scribed in ORS 471.398 from any manufacturer or wholesaler, as defined in ORS 471.392. A**
 13 **brewery licensee is also a manufacturer for the purposes of ORS 471.398 and, except as oth-**
 14 **erwise provided in subsection (2)(d) of this section and ORS 471.400, may not provide directly**
 15 **or indirectly any financial assistance described in ORS 471.398 to any retail licensee, as de-**
 16 **defined in ORS 471.392.**

17 (5) **The prohibitions in subsections (3) and (4) of this section also apply to any person**
 18 **holding a substantial interest in the brewery licensee as determined by the commission by**
 19 **rule.**

20 **SECTION 2.** ORS 471.168 is amended to read:

21 471.168. (1) For the purpose of providing coverage for injuries suffered by persons by reason of
 22 the conduct of intoxicated persons who were served alcoholic beverages on licensed premises while
 23 visibly intoxicated, all persons holding a license described in this section must either:

24 (a) Maintain liquor liability insurance of not less than \$300,000; or

25 (b) Maintain a bond with a corporate surety authorized to transact business in this state in the
 26 amount of not less than \$300,000.

27 (2) The Oregon Liquor Control Commission may by rule require liquor liability insurance or
 28 bond in an amount larger than the minimum amount provided for in subsection (1) of this section.

29 (3) The requirements of this section apply to full on-premises sales licenses, limited on-premises
 30 sales licenses and brewery-public house licenses. The requirements of this section apply to tempo-
 31 rary sales licenses, special events winery licenses, special events grower sales privilege licenses,
 32 special events brewery-public house licenses, **special events brewery licenses** and special events
 33 distillery licenses if the event that is licensed is open to the public and attendance at the event is
 34 anticipated to exceed 300 individuals per day.

35 (4) The requirements of this section apply to winery licenses, brewery licenses and grower sales
 36 privilege licenses unless an applicant for issuance of the license or renewal of the license submits
 37 with the application for issuance or renewal of the license an affidavit that states that the licensee
 38 will not allow consumption of alcoholic beverages on the premises.

39 (5) All licensees subject to the requirements of this section must supply proof of compliance at
 40 the time the license is issued or renewed. The commission by rule shall determine the manner in
 41 which proof of compliance may be made under the provisions of this subsection. The commission
 42 may require a licensee to present proof of compliance with liquor liability insurance and bond re-
 43 quirements at any time upon request of the commission.

44 (6) Failure of a licensee to comply with liquor liability insurance or bond requirements imposed
 45 under this section constitutes a serious threat to public health and safety. In addition to any action

1 available to the commission under ORS 471.313 or 471.315, the commission may immediately suspend
 2 or refuse renewal of a license as provided under ORS 183.430 (2) if the licensee fails to comply with
 3 those insurance or bond requirements.

4 (7) If a licensee fails to provide proof of compliance with liquor liability insurance or bond re-
 5 quirements imposed under this section at the time of license renewal or when requested by the
 6 commission, the failure is sufficient reason for the commission to find for purposes of ORS 183.430
 7 (2) that the licensee has failed to comply with the insurance or bond requirements.

8 **SECTION 3.** ORS 471.311, as amended by section 4, chapter 33, Oregon Laws 2010, is amended
 9 to read:

10 471.311. (1) Any person desiring a license or renewal of a license under this chapter shall make
 11 application to the Oregon Liquor Control Commission upon forms to be furnished by the commission
 12 showing the name and address of the applicant, location of the place of business that is to be op-
 13 erated under the license, and such other pertinent information as the commission may require. No
 14 license shall be granted or renewed until the applicant has complied with the provisions of this
 15 chapter and the rules of the commission.

16 (2) The commission may reject any application that is not submitted in the form required by
 17 rule. The commission shall give applicants an opportunity to be heard if an application is rejected.
 18 A hearing under this subsection is not subject to the requirements for contested case proceedings
 19 under ORS chapter 183.

20 (3) Subject to subsection (4) of this section, the commission shall assess a nonrefundable fee for
 21 processing a renewal application for any license authorized by this chapter only if the renewal ap-
 22 plication is received by the commission less than 20 days before expiration of the license. If the
 23 renewal application is received prior to expiration of the license but less than 20 days prior to ex-
 24 piration, this fee shall be 25 percent of the annual license fee. If a renewal application is received
 25 by the commission after expiration of the license but no more than 30 days after expiration, this fee
 26 shall be 40 percent of the annual license fee. This subsection does not apply to a certificate of ap-
 27 proval, a brewery-public house license or any license that is issued for a period of less than 30 days.

28 (4) The commission may waive the fee imposed under subsection (3) of this section if it finds that
 29 failure to submit a timely application was due to unforeseen circumstances or to a delay in pro-
 30 cessing the application by the local governing authority that is no fault of the licensee.

31 (5) The license fee is nonrefundable and shall be paid by each applicant upon the granting or
 32 committing of a license. Subject to ORS 471.155 and 473.065, the annual or daily license fee and the
 33 minimum bond required of each class of license under this chapter are as follows:

License	Fee	Minimum Bond
Brewery, including Certificate of Approval	\$ 500	\$ 1,000
Winery	250	1,000
Distillery	100	None
Wholesale Malt Beverage and Wine	275	1,000
Warehouse	100	1,000
Special events winery		

1	license	\$ 10 per day	
2	Brewery-Public House,		
3	including Certificate		
4	of Approval	\$ 250	\$ 1,000
5	Limited On-Premises Sales	\$ 200	None
6	Off-Premises Sales	\$ 100	None
7	Temporary Sales	\$ 50 per day	
8	Grower sales privilege		
9	license	\$ 250	\$ 1,000
10	Special events grower		
11	sales privilege		
12	license	\$ 10 per day	
13	Special events		
14	brewery-public house		
15	license	\$ 10 per day	
16	Special events		
17	brewery license	\$ 10 per day	
18	Special events		
19	distillery		
20	license	\$ 10 per day	

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23 (6) The fee for a certificate of approval or special certificate of approval granted under ORS
 24 471.244 is nonrefundable and must be paid by each applicant upon the granting or committing of a
 25 certificate of approval or special certificate of approval. No bond is required for the granting of a
 26 certificate of approval or special certificate of approval. Certificates of approval are valid for a pe-
 27 riod commencing on the date of issuance and ending on December 31 of the fifth calendar year fol-
 28 lowing the calendar year of issuance. The fee for a certificate of approval is \$175. Special
 29 certificates of approval are valid for a period of 30 days. The fee for a special certificate of approval
 30 is \$10.

31 (7) Except as provided in subsection (8) of this section, the annual license fee for a full on-
 32 premises sales license is \$400. No bond is required for any full on-premises sales license.

33 (8) The annual license fee for a full on-premises sales license held by a nonprofit private club
 34 as described in ORS 471.175 (8), or held by a nonprofit or charitable organization that is registered
 35 with the state, is \$200.

36 (9) The annual fee for a wine self-distribution permit is \$100, and the minimum bond is \$1,000.

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