

# D R A F T

## SUMMARY

Increases malt beverage tax. First applies to malt beverages sold or distributed on or after January 1, 2014.

Creates Alcohol Impact Remediation Fund. Provides for moneys in Fund to be used for alcohol and drug treatment programs.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to malt beverage tax; creating new provisions; amending ORS  
3 471.805, 471.810, 473.030 and 473.050; prescribing an effective date; and  
4 providing for revenue raising that requires approval by a three-fifths  
5 majority.

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

7 **SECTION 1.** ORS 473.030 is amended to read:

8 473.030. (1) A tax is imposed upon the privilege of engaging in business  
9 as a manufacturer or as an importing distributor of malt beverages at the  
10 rate of \$2.60 per barrel of 31 gallons on all such beverages.

11 (2) A tax is imposed upon the privilege of engaging in business as a  
12 manufacturer or as an importing distributor of wines at the rate of 65 cents  
13 per gallon on all such beverages.

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

17 (4) In addition to the taxes imposed by subsections (2) and (3) of this  
18 section, a manufacturer or an importing distributor of wines shall be taxed  
19 at the rate of two cents per gallon. Notwithstanding any other provision

1 of law, all moneys collected by the Oregon Liquor Control Commission pur-  
2 suant to this subsection shall be paid into the account established by the  
3 Oregon Wine Board under ORS 182.470.

4 **(5) In addition to the taxes imposed by subsection (1) of this section,**  
5 **a manufacturer or an importing distributor of malt beverages shall**  
6 **be subject to a tax of \$10.63 per barrel of 31 gallons of malt beverage**  
7 **that the manufacturer or importing distributor sells or distributes.**

8 [(5)] (6) The rates of tax imposed by this section upon malt beverages  
9 apply proportionately to quantities in containers of less capacity than those  
10 quantities specified in this section.

11 [(6)] (7) The taxes imposed by this section shall be measured by the vol-  
12 ume of wine or malt beverages produced, purchased or received by any  
13 manufacturer. If the wine or malt beverage remains unsold and in the pos-  
14 session of the producer at the plant where it was produced, no tax imposed  
15 or levied by this section is required to be paid until the wine or malt  
16 beverage has become sufficiently aged for marketing at retail, but this sub-  
17 section shall not be construed so as to alter or affect any provision of this  
18 chapter relating to tax liens or the filing of statements.

19 **SECTION 2. The amendments to ORS 473.030 by section 1 of this**  
20 **2013 Act apply to malt beverages sold or distributed on or after Janu-**  
21 **ary 1, 2014, and before January 1, 2016.**

22 **SECTION 3. ORS 473.030, as amended by section 1 of this 2013 Act, is**  
23 **amended to read:**

24 473.030. (1) A tax is imposed upon the privilege of engaging in business  
25 as a manufacturer or as an importing distributor of malt beverages at the  
26 rate of \$2.60 per barrel of 31 gallons on all such beverages.

27 (2) A tax is imposed upon the privilege of engaging in business as a  
28 manufacturer or as an importing distributor of wines at the rate of 65 cents  
29 per gallon on all such beverages.

30 (3) In addition to the tax imposed by subsection (2) of this section, a  
31 manufacturer or an importing distributor of wines containing more than 14

1 percent alcohol by volume shall be taxed at the rate of 10 cents per gallon.

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

8 (5) In addition to the taxes imposed by subsection (1) of this section, a  
9 manufacturer or an importing distributor of malt beverages shall be subject  
10 to a tax of [~~\$10.63~~] **\$20.55** per barrel of 31 gallons of malt beverage that the  
11 manufacturer or importing distributor sells or distributes.

12 (6) The rates of tax imposed by this section upon malt beverages apply  
13 proportionately to quantities in containers of less capacity than those  
14 quantities specified in this section.

15 (7) The taxes imposed by this section shall be measured by the volume  
16 of wine or malt beverages produced, purchased or received by any manufac-  
17 turer. If the wine or malt beverage remains unsold and in the possession of  
18 the producer at the plant where it was produced, no tax imposed or levied  
19 by this section is required to be paid until the wine or malt beverage has  
20 become sufficiently aged for marketing at retail, but this subsection shall  
21 not be construed so as to alter or affect any provision of this chapter relat-  
22 ing to tax liens or the filing of statements.

23 **SECTION 4. The amendments to ORS 473.030 by section 3 of this**  
24 **2013 Act apply to malt beverages sold or distributed on or after Janu-**  
25 **ary 1, 2016.**

26 **SECTION 5. (1) The Alcohol Impact Remediation Fund is created**  
27 **in the State Treasury, separate and distinct from the General Fund.**  
28 **Interest earned by the Alcohol Impact Remediation Fund shall be**  
29 **credited to the fund.**

30 **(2) Moneys in the Alcohol Impact Remediation Fund shall be dis-**  
31 **tributed as follows:**

1       **(a) 60 percent of the moneys shall be allocated to the Oregon Health**  
2 **Authority for the treatment of alcohol and drug abuse;**

3       **(b) 25 percent of the moneys shall be allocated to Oregon's county**  
4 **sheriffs to be used at the sheriffs' discretion; and**

5       **(c) 15 percent of the moneys shall be allocated to Oregon's counties**  
6 **to support recovery and reentry programs for recently released in-**  
7 **mates who are recovering alcoholics and drug addicts. The recovery**  
8 **and reentry programs in a county shall assist recently released in-**  
9 **mates from that county's jail system.**

10       **SECTION 6.** ORS 471.810 is amended to read:

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

18       (a) Fifty-six percent, or the amount remaining after the distribution under  
19 subsection [(4)] (5) of this section, credited to the General Fund available for  
20 general governmental purposes wherein it shall be considered as revenue  
21 during the quarter immediately preceding receipt;

22       (b) Twenty percent to the cities of the state in such shares as the popu-  
23 lation of each city bears to the population of the cities of the state, as de-  
24 termined by the State Board of Higher Education last preceding such  
25 apportionment, under ORS 190.510 to 190.610;

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

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

31       (2) The commission shall direct the Oregon Department of Administrative

1 Services to transfer 50 percent of the revenues from the taxes imposed by  
2 ORS 473.030 (1) to (4) and 473.035 to the Mental Health Alcoholism and Drug  
3 Services Account in the General Fund to be paid monthly as provided in ORS  
4 430.380.

5 **(3) The commission shall direct the Oregon Department of Admin-**  
6 **istrative Services to transfer all revenues from taxes imposed by ORS**  
7 **473.030 (5) to the Alcohol Impact Remediation Fund.**

8 [(3)] (4) If the amount of revenues received from the taxes imposed by  
9 ORS 473.030 (1) to (4) for the preceding month was reduced as a result of  
10 credits claimed under ORS 473.047, the commission shall compute the differ-  
11 ence between the amounts paid or transferred as described in subsections  
12 (1)(b), (c) and (d) and (2) of this section and the amounts that would have  
13 been paid or transferred under subsections (1)(b), (c) and (d) and (2) of this  
14 section if no credits had been claimed. The commission shall direct the  
15 Oregon Department of Administrative Services to pay or transfer amounts  
16 equal to the differences computed for subsections (1)(b), (c) and (d) and (2)  
17 of this section from the General Fund to the recipients or accounts described  
18 in subsections (1)(b), (c) and (d) and (2) of this section.

19 [(4)] (5) Notwithstanding subsection (1) of this section, no city or county  
20 shall receive for any fiscal year an amount less than the amount distributed  
21 to the city or county in accordance with ORS 471.350 (1965 Replacement  
22 Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the  
23 1966-1967 fiscal year unless the city or county had a decline in population  
24 as shown by its census. If the population declined, the per capita distribution  
25 to the city or county shall be not less than the total per capita distribution  
26 during the 1966-1967 fiscal year. Any additional funds required to maintain  
27 the level of distribution under this subsection shall be paid from funds  
28 credited under subsection (1)(a) of this section.

29 **SECTION 7.** ORS 471.805 is amended to read:

30 471.805. (1) Except as otherwise provided in ORS 471.810 (2) **and (3)**, all  
31 money collected by the Oregon Liquor Control Commission under this chap-

1 ter and ORS chapter 473 and privilege taxes shall be remitted to the State  
2 Treasurer who shall credit it to a suspense account of the commission.  
3 Whenever the commission determines that moneys have been received by it  
4 in excess of the amount legally due and payable to the commission or that  
5 it has received money to which it has no legal interest, or that any license  
6 fee or deposit is properly refundable, the commission is authorized and di-  
7 rected to refund such money by check drawn upon the State Treasurer and  
8 charged to the suspense account of the commission. After withholding  
9 refundable license fees and such sum, not to exceed \$250,000, as it considers  
10 necessary as a revolving fund for a working cash balance for the purpose of  
11 paying travel expenses, advances, other miscellaneous bills and extraordinary  
12 items which are payable in cash immediately upon presentation, the com-  
13 mission shall direct the State Treasurer to transfer the money remaining in  
14 the suspense account to the Oregon Liquor Control Commission Account in  
15 the General Fund. Moneys in the Oregon Liquor Control Commission Ac-  
16 count are continuously appropriated to the commission to be distributed and  
17 used as required or allowed by law.

18 (2) All necessary expenditures of the commission incurred in carrying out  
19 the purposes required of the commission by law, including the salaries of its  
20 employees, purchases made by the commission and such sums necessary to  
21 reimburse the \$250,000 revolving fund, shall be audited and paid from the  
22 Oregon Liquor Control Commission Account in the General Fund, upon  
23 warrants drawn by the Oregon Department of Administrative Services, pur-  
24 suant to claims duly approved by the commission.

25 **SECTION 8. The amendments to ORS 471.805 and 471.810 by sections**  
26 **6 and 7 of this 2013 Act apply to malt beverages sold or distributed on**  
27 **or after January 1, 2014.**

28 **SECTION 9. The use of funds in the Alcohol Impact Remediation**  
29 **Fund created under section 5 of this 2013 Act shall be subject to a**  
30 **strategic planning process conducted at the start of each biennium by**  
31 **the Department of Human Services, including counties, tribes and**

1 **private and public organizations involved in addiction prevention,**  
2 **treatment and recovery programs.**

3 **SECTION 10.** ORS 473.050 is amended to read:

4 473.050. In computing any privilege tax imposed by ORS 473.030 or 473.035:

5 (1) *[No]* **A** malt beverage, cider or wine *[is]* **may not be** subject to tax  
6 more than once.

7 (2) *[No tax shall]* **A tax may not** be levied, collected or imposed upon  
8 any malt beverage, cider or wine sold to the Oregon Liquor Control Com-  
9 mission or exported from the state.

10 (3) *[No tax shall]* **A tax may not** be levied, collected or imposed upon  
11 any malt beverage given away and consumed on the licensed premises of a  
12 brewery licensee, or sold to or by a voluntary nonincorporated organization  
13 of army, air corps or navy personnel operating a place for the sale of goods  
14 pursuant to regulations promulgated by the proper authority of each such  
15 service.

16 (4) *[No tax shall]* **A tax may not** be levied, collected or imposed upon  
17 any malt beverage, cider or wine determined by the commission to be unfit  
18 for human consumption or unsalable.

19 (5) *[No tax shall]* **A tax may not** be levied, collected or imposed upon the  
20 first 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon from  
21 a United States manufacturer of wines producing less than 100,000 gallons,  
22 or 379,000 liters, annually.

23 **(6) A tax may not be levied, collected or imposed upon the first**  
24 **250,000 barrels of 31 gallons of malt beverage sold or distributed an-**  
25 **nually in Oregon by a manufacturer or importing distributor.**

26 **SECTION 11.** The amendments to ORS 473.050 by section 10 of this  
27 **2013 Act apply to malt beverages sold or distributed on or after Janu-**  
28 **ary 1, 2014.**

29 **SECTION 12.** This 2013 Act takes effect on the 91st day after the  
30 **date on which the 2013 regular session of the Seventy-seventh Legis-**  
31 **lative Assembly adjourns sine die.**

