

House Bill 2906

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**.

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 471.805, 471.810, 473.030 and
3 473.050; prescribing an effective date; and providing for revenue raising that requires approval
4 by a three-fifths majority.

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

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

7 473.030. (1) A tax is imposed upon the privilege of engaging in business as a manufacturer or
8 as an importing distributor of malt beverages at the rate of \$2.60 per barrel of 31 gallons on all such
9 beverages.

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

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

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

20 **(5) In addition to the taxes imposed by subsection (1) of this section, a manufacturer or**
21 **an importing distributor of malt beverages shall be subject to a tax of \$10.63 per barrel of**
22 **31 gallons of malt beverage that the manufacturer or importing distributor sells or distrib-**
23 **utes.**

24 *[(5)]* (6) The rates of tax imposed by this *section* upon malt beverages apply proportionately to
25 quantities in containers of less capacity than those quantities specified in this section.

26 *[(6)]* (7) The taxes imposed by this section shall be measured by the volume of wine or malt
27 beverages produced, purchased or received by any manufacturer. If the wine or malt beverage re-
28 mains unsold and in the possession of the producer at the plant where it was produced, no tax im-
29 posed or levied by this section is required to be paid until the wine or malt beverage has become
30 sufficiently aged for marketing at retail, but this subsection shall not be construed so as to alter

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 or affect any provision of this chapter relating to tax liens or the filing of statements.

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

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

5 473.030. (1) A tax is imposed upon the privilege of engaging in business as a manufacturer or
 6 as an importing distributor of malt beverages at the rate of \$2.60 per barrel of 31 gallons on all such
 7 beverages.

8 (2) A tax is imposed upon the privilege of engaging in business as a manufacturer or as an im-
 9 porting distributor of wines at the rate of 65 cents per gallon on all such beverages.

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

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

18 (5) In addition to the taxes imposed by subsection (1) of this section, a manufacturer or an im-
 19 porting distributor of malt beverages shall be subject to a tax of [~~\$10.63~~]**\$20.55**per barrel of 31 gal-
 20 lons of malt beverage that the manufacturer or importing distributor sells or distributes.

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

23 (7) The taxes imposed by this section shall be measured by the volume of wine or malt beverages
 24 produced, purchased or received by any manufacturer. If the wine or malt beverage remains unsold
 25 and in the possession of the producer at the plant where it was produced, no tax imposed or levied
 26 by this section is required to be paid until the wine or malt beverage has become sufficiently aged
 27 for marketing at retail, but this subsection shall not be construed so as to alter or affect any pro-
 28 vision of this chapter relating to tax liens or the filing of statements.

29 **SECTION 4. The amendments to ORS 473.030 by section 3 of this 2013 Act apply to malt**
 30 **beverages sold or distributed on or after January 1, 2016.**

31 **SECTION 5. (1) The Alcohol Impact Remediation Fund is created in the State Treasury,**
 32 **separate and distinct from the General Fund. Interest earned by the Alcohol Impact Reme-**
 33 **diation Fund shall be credited to the fund.**

34 **(2) Moneys in the Alcohol Impact Remediation Fund shall be distributed as follows:**

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

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

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

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

44 471.810. (1) At the end of each month, the Oregon Liquor Control Commission shall certify the
 45 amount of moneys available for distribution in the Oregon Liquor Control Commission Account and,

1 after withholding such moneys as it may deem necessary to pay its outstanding obligations, shall
 2 within 35 days of the month for which a distribution is made direct the State Treasurer to pay the
 3 amounts due, upon warrants drawn by the Oregon Department of Administrative Services, as fol-
 4 lows:

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

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

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

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

15 (2) The commission shall direct the Oregon Department of Administrative Services to transfer
 16 50 percent of the revenues from the taxes imposed by ORS 473.030 (1) to (4) and 473.035 to the
 17 Mental Health Alcoholism and Drug Services Account in the General Fund to be paid monthly as
 18 provided in ORS 430.380.

19 **(3) The commission shall direct the Oregon Department of Administrative Services to**
 20 **transfer all revenues from taxes imposed by ORS 473.030 (5) to the Alcohol Impact Remedi-**
 21 **ation Fund.**

22 [(3)] (4) If the amount of revenues received from the taxes imposed by ORS 473.030 (1) to (4) for
 23 the preceding month was reduced as a result of credits claimed under ORS 473.047, the commission
 24 shall compute the difference between the amounts paid or transferred as described in subsections
 25 (1)(b), (c) and (d) and (2) of this section and the amounts that would have been paid or transferred
 26 under subsections (1)(b), (c) and (d) and (2) of this section if no credits had been claimed. The com-
 27 mission shall direct the Oregon Department of Administrative Services to pay or transfer amounts
 28 equal to the differences computed for subsections (1)(b), (c) and (d) and (2) of this section from the
 29 General Fund to the recipients or accounts described in subsections (1)(b), (c) and (d) and (2) of this
 30 section.

31 [(4)] (5) Notwithstanding subsection (1) of this section, no city or county shall receive for any
 32 fiscal year an amount less than the amount distributed to the city or county in accordance with ORS
 33 471.350 (1965 Replacement Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the
 34 1966-1967 fiscal year unless the city or county had a decline in population as shown by its census.
 35 If the population declined, the per capita distribution to the city or county shall be not less than
 36 the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required to
 37 maintain the level of distribution under this subsection shall be paid from funds credited under
 38 subsection (1)(a) of this section.

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

40 471.805. (1) Except as otherwise provided in ORS 471.810 (2) and (3), all money collected by the
 41 Oregon Liquor Control Commission under this chapter and ORS chapter 473 and privilege taxes
 42 shall be remitted to the State Treasurer who shall credit it to a suspense account of the commission.
 43 Whenever the commission determines that moneys have been received by it in excess of the amount
 44 legally due and payable to the commission or that it has received money to which it has no legal
 45 interest, or that any license fee or deposit is properly refundable, the commission is authorized and

1 directed to refund such money by check drawn upon the State Treasurer and charged to the sus-
2 pense account of the commission. After withholding refundable license fees and such sum, not to
3 exceed \$250,000, as it considers necessary as a revolving fund for a working cash balance for the
4 purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items
5 which are payable in cash immediately upon presentation, the commission shall direct the State
6 Treasurer to transfer the money remaining in the suspense account to the Oregon Liquor Control
7 Commission Account in the General Fund. Moneys in the Oregon Liquor Control Commission Ac-
8 count are continuously appropriated to the commission to be distributed and used as required or
9 allowed by law.

10 (2) All necessary expenditures of the commission incurred in carrying out the purposes required
11 of the commission by law, including the salaries of its employees, purchases made by the commission
12 and such sums necessary to reimburse the \$250,000 revolving fund, shall be audited and paid from
13 the Oregon Liquor Control Commission Account in the General Fund, upon warrants drawn by the
14 Oregon Department of Administrative Services, pursuant to claims duly approved by the commission.

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

17 **SECTION 9. The use of funds in the Alcohol Impact Remediation Fund created under**
18 **section 5 of this 2013 Act shall be subject to a strategic planning process conducted at the**
19 **start of each biennium by the Department of Human Services, including counties, tribes and**
20 **private and public organizations involved in addiction prevention, treatment and recovery**
21 **programs.**

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

23 473.050. In computing any privilege tax imposed by ORS 473.030 or 473.035:

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

25 (2) [No tax shall] **A tax may not** be levied, collected or imposed upon any malt beverage, cider
26 or wine sold to the Oregon Liquor Control Commission or exported from the state.

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

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

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

36 (6) **A tax may not be levied, collected or imposed upon the first 250,000 barrels of 31 gal-**
37 **lons of malt beverage sold or distributed annually in Oregon by a manufacturer or importing**
38 **distributor.**

39 **SECTION 11. The amendments to ORS 473.050 by section 10 of this 2013 Act apply to malt**
40 **beverages sold or distributed on or after January 1, 2014.**

41 **SECTION 12. This 2013 Act takes effect on the 91st day after the date on which the 2013**
42 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**