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TO: The Honorable Lee Beyer, Chair
Committee on Business and Transportation

FROM: Rob Hallyburton, Community Services Division Manager
Katherine Daniels, Farm and Forest Lands Specialist

RE: Senate Bill 583

Thank you for this opportunity to provide testimony on Senate Bill 583. Among other authorizations, the bill will allow distillery licensees who hold special events distillery licenses to conduct events at the distillery location. Some of these distilleries will be located in exclusive farm use zones. In 2013, the Legislature worked hard to develop and adopt SB 960 and HB 3280, which created guidelines for events on farmland and at wineries, respectively, to ensure that they remain incidental to the primary use - the processing of farm products. For policy consistency, we suggest a link in the bill to the provisions for events on farmland, which are codified at ORS 215.213(11) and 215.283(4), to clarify that these provisions apply to distilleries in exclusive farm use zones. Specifically we suggest the following amendment at Section 17:

(2) [A] **If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:**

(a) Permit tastings of [*the*] distilled liquor manufactured by the distillery licensee **or by any other distiller. Tastings may be of distilled liquor alone or of distilled liquor in a mixed drink.** The tastings may be conducted on the licensed premises of the distillery and at no more than five other premises owned or leased by the licensee, **subject to ORS 215.213(11) and 215.283(4) when located in an exclusive farm use zone.** [*The licensee must purchase the distilled liquor from the commission.*] **If distilled liquor manufactured by the distillery licensee and used for tastings is obtained by the distillery licensee through transfer from the inventory of the commission, the distillery licensee shall pay the commission a processing fee for the transfer. Except as provided under section 16 of this 2015 Act, if distilled liquor used for tastings is manufactured by another distiller, the distillery licensee must purchase the distilled liquor from the commission.**

Thank you for this opportunity to provide you with information about SB 583. If committee members have questions about this testimony, please contact Katherine Daniels at 503-934-0069, or katherine.daniels@state.or.us.