

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 3/2, 3/30, 4/8

WHAT THE MEASURE DOES: Allows brewery-public house licensee to import malt beverages for which licensee controls brand. Permits brewery-public house licensee to hold off-premises sales license if they wholly own the off-premises sale licensee or if the brewery-public house licensee does not exercise control or participate in the business decisions or influence the sales or purchases of the off-premises sales licensee to disadvantage a competitor's liquor brand. Establishes nine-member Oregon Spirits Board to support Oregon distilled liquor industry. Directs Board to operate state distilled liquor room. Directs Board to create and maintain long-term strategic plan to guide allocation of funds and award of grants. Establishes Oregon Spirits Board Fund with moneys in fund continuously appropriated to the Board for its use. Directs Oregon Liquor Control Commission to withhold for payment to Board one to four cents per bottle of distilled spirits sold, depending on volume of bottle. Allows Oregon Liquor Control Commission to appoint a distillery licensee to serve as distillery retail outlet agent for another licensed distiller. Allows distillers to enter into compensation agreement for licensed distiller to act as retail outlet agent for another distiller. Allows distillery licensee to make retail sales and pour tastings of another distiller's product if the licensee is the appointed retail outlet agent for the other distiller. Allows distillery licensee holding special event license to pour tastings and sell by the glass and bottle another licensed distiller's product for which it is appointed the retail outlet agent. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

(-1 amendment) Allows brew pub house licensee to hold, directly or indirectly, an interest in an off-premise sales licensee.

(-2 amendment) Deletes Oregon Spirits Board and distilleries portions of the bill and maintains the brewery-public house licensee portion.

(-3 amendment) Modifies reporting process to a quarterly basis for a person holding a direct shipper permit of wine or cider.

(-5 amendment) Deletes Oregon Spirits Board and distilleries portions of the bill. Removes the brewery-public house ability to import brands that it controls that are manufactured in another state. Adds the ability of a brewery-public house to manufacturer cider under its brewery-public license, so there would be no need for a brewpub to also obtain a winery license to manufacturer cider. Continues the expansion of distribution privileges for a brewery-public house covered in Senate Bill 138A. Enables a brewery-public house to own an off-premises licensee. Expands the brewery license to allow the manufacture of cider under that license. Permits direct shippers of wine to report quarterly rather than monthly to the OLCC. This amendment was requested by the OLCC. Maintains the emergency clause.

4/8/2015 11:17:00 AM *

This summary has not been adopted or officially endorsed by action of the committee.

(-6 amendment) Eliminates references to cider with brewery-public house license in Section 1. Allows a brewery-public house licensee to hold, directly or indirectly, an interest in an off-premises sales licensee without additional conditions. Deletes Section 2 dealing with cider and brewery-public license. Deletes Oregon Spirits Board and distilleries portions of the bill. Maintains the emergency clause.

BACKGROUND: There are more than 60 craft distillers manufacturing distilled spirits in Oregon. The industry has grown rapidly and is credited with creating approximately 350 jobs. Distillers created the Oregon Distillers Guild in 2007 to promote the common interests of its members.

Senate Bill 583 establishes the Oregon Spirits Board and provides funds to the Board from the sale of distilled spirits by the Oregon Liquor Control Commission that would otherwise have gone to the Oregon Liquor Control Commission Account. For every bottle sold, one to four cents will go the Board to support all aspects of the industry, including manufacturing, marketing, promotion, education, and research and development.

Under current law, a distillery licensee may conduct retail sales of only their own product at the licensed premise and up to five other premises owned or leased by the distiller if the Oregon Liquor Control Commission has appointed them as a distillery retail outlet agent. And when conducting tastings, a distillery licensee can pour only the products they manufacture. This restriction limits the ability of the distiller to offer a taste of their product in a mixed drink, which is how many people prefer to consume distilled spirits. Senate Bill 583 allows tastings and retail sales of products made by another distiller for which the distillery licensee is an appointed retail outlet agent. Furthermore, current law allows a distillery licensee to obtain a special events distillery license to hold events at a location away from the distillery. At the special event, the distillery licensee can only pour tastings of their own products, sell their own products by the glass and, if they are an appointed retail outlet agent, sell factory-sealed bottles of their own product. The bill also allows a distillery licensee, at these special events, to pour tastings of and sell by the glass or bottle products of another distiller for which the distillery licensee is an appointed retail outlet agent.