

B-Engrossed
House Bill 2567

Ordered by the Senate June 9
Including House Amendments dated March 2 and Senate Amendments
dated June 9

Sponsored by Representatives WILLIAMSON, MCKEOWN, DOHERTY; Representatives BOONE, BUCKLEY, CLEM, EVANS, FAGAN, FREDERICK, GOMBERG, GORSEK, HELM, HOLVEY, LININGER, LIVELY, MCLAIN, NATHANSON, NOSSE, READ, REARDON, SMITH WARNER, TAYLOR, VEGA PEDERSON (Pre-session 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.

Allows direct purchase and sale of bulk distilled liquor between distillery licensees for blending and manufacturing purposes.

Makes possession of federal distilled spirits plant basic permit prerequisite to certain activities by distillery licensee. Allows distillery licensee to offer tastings of distilled liquor manufactured by other Oregon distilleries. Requires payment of processing fee if distillery licensee obtains distilled liquor for tastings from Oregon Liquor Control Commission inventory.

[Allows distillery licensee to sell mixed drinks containing distilled liquor from Oregon distilleries.]

[Allows multiple distillery licensees to offer tastings or hold special event at same premises. Allows distillery licensee to sell, at special event for off-premises consumption, factory-sealed containers of distilled liquor manufactured by other distilleries licensed to participate in special event at premises.]

Allows licensee that shares premises used as primary production location with distillery licensee or that is owned by same entity as distillery licensee to offer tastings at premises of distillery licensee. Allows offering tastings with mix of other liquids, subject to condition on inclusion of other liquids that are distilled liquor. Limits sales at tastings locations by distillery licensee appointed as distillery retail outlet agent to distilled liquor manufactured by distillery licensee, by another licensee that shares premises used as primary production location with distillery licensee or by licensee owned by same entity as distillery licensee.

Limits duration of distillery special event to five days. Places annual limit on participation of distillery licensee in distillery special events held at same location. Allows offering tastings with mix of other liquids, subject to condition on inclusion of other liquids that are distilled liquor.

Modifies price requirements for distilled liquor used in special event tastings, sales by drink or factory-sealed container sales.

Limits tastings, mixed drink sales and special event sales to products approved by commission for sale in Oregon.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the appointment of distillery licensees as distillery retail outlet agents; amending ORS
3 471.230; and declaring an emergency.

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

5 **SECTION 1.** ORS 471.230 is amended to read:

6 471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend,
7 denature and store spirits of an alcoholic content greater than 17 percent alcohol by weight, to sell
8 the spirits to the Oregon Liquor Control Commission and to transport the spirits out of this state
9 for sale outside this state. *[Distillery licensees are permitted to purchase from and through the com-*
10 *mission alcoholic beverages for blending and manufacturing purposes upon such terms and conditions*
11 *as the commission may provide.]* **Distillery licensees may purchase and sell distilled liquor from**

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 to another distillery licensee in containers having a capacity greater than one U.S. gallon**
 2 **for blending and manufacturing purposes.** A distillery licensee may not sell any alcoholic
 3 beverage within this state except to the commission or as provided in this section. However, any
 4 agricultural producer or association of agricultural producers or the legal agents of an agricultural
 5 producer or association of agricultural producers that manufactures and converts agricultural sur-
 6 pluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and
 7 industry are not required to obtain a license from the commission.

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

11 (a) Permit tastings of *[the]* distilled liquor *[manufactured]* **approved by the commission for sale**
 12 **in Oregon and manufactured in Oregon** by the distillery licensee **or by another distillery**
 13 **licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids. If any**
 14 **of the other liquids are distilled liquors, they must be distilled liquors on the list of products**
 15 **approved by the commission for retail sale in Oregon and must be purchased by the licensee**
 16 **at the retail price established by the commission. This paragraph does not authorize sales**
 17 **by the drink of distilled liquor.** The tastings may be conducted on the licensed premises of the
 18 distillery and at no more than five other premises owned or leased by the licensee. *[The licensee*
 19 *must purchase the distilled liquor from the commission.]* **The commission may allow more than one**
 20 **distillery licensee to use the same premises at the same time for conducting tastings if the**
 21 **premises are a primary production location and the licensees share the premises or are**
 22 **owned by the same entity. If the manufacturer of the distilled liquor obtains distilled liquor**
 23 **for conducting tastings from the inventory of the commission, the licensee shall pay the**
 24 **commission a processing fee.**

25 (b) Obtain a special events distillery license.

26 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of
 27 retailing *[only]* distilled liquor *[that the licensee manufactured in Oregon]* at locations where tastings
 28 are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. **A distillery**
 29 **retail outlet agent may sell at locations where tasting are allowed under paragraph (a) of this**
 30 **subsection only distilled liquor that is on the list of products approved by the commission for**
 31 **retail sale in Oregon and is manufactured in Oregon by the distillery licensee or by another**
 32 **distillery licensee that uses the same premises as a primary production location or is owned**
 33 **by the same entity as the distillery licensee.**

34 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may also hold a full on-premises
 35 sales license for a location at the licensed premises of the distillery and a full on-premises sales li-
 36 cense for one other location. All distilled spirits sold under the full on-premises sales license must
 37 be purchased from the commission.

38 *[(4)(a) A distillery licensee that holds a special events distillery license may conduct an event on*
 39 *a premises at a designated location other than the location set forth in the distillery license for a period*
 40 *not exceeding five days. A distillery licensee conducting an event may:]*

41 *[(A) Permit tastings of distilled liquor manufactured by the distillery.]*

42 *[(B) Permit sales by the drink of distilled liquor manufactured by the distillery.]*

43 *[(C) If the distillery licensee has been appointed as a distillery retail outlet agent under subsection*
 44 *(2)(c) of this section, sell factory sealed containers of distilled liquor manufactured by the distillery for*
 45 *consumption off the licensed premises of the event.]*

1 **(4) A distillery licensee that holds a special events distillery license may conduct an event**
2 **on premises designated in the special events distillery license. Except as provided in this**
3 **subsection, a special events distillery license may be valid for a period not exceeding five**
4 **days. The commission shall limit the approval of special events distillery licenses for a**
5 **distillery licensee at the same location to not more than 62 days during a calendar year. A**
6 **distillery licensee conducting a special event may:**

7 **(a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and**
8 **manufactured in Oregon by the distillery licensee. Tastings may be of the distilled liquor**
9 **alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must**
10 **be distilled liquors on the list of products approved by the commission for retail sale in**
11 **Oregon and must be purchased by the licensee at the retail price established by the com-**
12 **mission. If the manufacturer of the distilled liquor obtains distilled liquor for conducting**
13 **tastings from the inventory of the commission, the licensee shall pay the commission a**
14 **processing fee.**

15 **(b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells**
16 **under this paragraph must include distilled liquor that the licensee manufactured in Oregon.**
17 **Any distilled liquor contained in the drink must be on the list of products approved by the**
18 **commission for retail sale in Oregon. The distillery licensee selling the drink must purchase**
19 **all distilled liquor contained in the drink at the retail price set by the commission for the**
20 **month in which the drink is sold.**

21 **(c) If the distillery licensee has been appointed as a distillery retail outlet agent under**
22 **subsection (2)(c) of this section, sell distilled liquor in factory-sealed containers for con-**
23 **sumption off the licensed premises. A distillery retail outlet agent may sell at a location**
24 **where tastings are allowed under paragraph (a) of this subsection only distilled liquor that**
25 **is on the list of products approved by the commission for retail sale in Oregon and is man-**
26 **ufactured in Oregon by the distillery licensee. The distillery retail outlet agent must sell the**
27 **distilled liquor at the retail price set by the commission for the month of sale.**

28 *[(b) A distillery licensee that holds a special events distillery license:]*

29 *[(A) Must purchase distilled liquor that the licensee uses for conducting tastings at the event from*
30 *the commission at the price set by the commission for distilled liquor removed from bond for*
31 *tastings.]*

32 *[(B) Must purchase distilled liquor that the licensee uses for sales by the drink at the event at the*
33 *retail price set by the commission for the month in which the distilled liquor is sold by the drink.]*

34 *[(C) Must purchase distilled liquor that the licensee sells in factory sealed containers at the event*
35 *at the retail price set by the commission for the month in which the licensee makes the purchase.]*

36 *[(D) Must sell distilled liquor described in subparagraph (C) of this paragraph at the retail price*
37 *set by the commission for the month in which the licensee makes the sale.]*

38 **SECTION 2. This 2015 Act being necessary for the immediate preservation of the public**
39 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
40 **on its passage.**