

A-Engrossed
House Bill 2568

Ordered by the House April 8
Including House Amendments dated April 8

Sponsored by Representatives WILLIAMSON, DOHERTY, MCKEOWN; Representatives BOONE, CLEM, EVANS, FAGAN, FREDERICK, GOMBERG, GORSEK, HELM, HOLVEY, HOYLE, JOHNSON, LININGER, MCLAIN, NATHANSON, NOSSE, READ, REARDON, SMITH WARNER, TAYLOR, VEGA PEDERSON (Presession 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.

Establishes Oregon Spirits Board. Authorizes or requires board activities for purpose of supporting Oregon distilled liquor industry. Requires board to establish state distilled liquor room for purposes of quality improvement, providing tastings to public and providing distilled liquor for state functions and official gifts. Establishes Oregon Spirits Board Fund for use by board. Directs moneys to fund from Oregon Liquor Control Commission Account. **Requires board to biennially report to Legislative Assembly and provide description of board expenditures and activities and evaluation of Oregon distilled liquor industry.**

A BILL FOR AN ACT

1
2 Relating to the Oregon distilled liquor industry; creating new provisions; and amending ORS 471.810.

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

4 **SECTION 1. (1) There is established an Oregon Spirits Board, consisting of nine members**
5 **appointed by the Governor.**

6 **(2) The term of office of each member is four years, but a member serves at the pleasure**
7 **of the Governor. Before the expiration of the term of a member, the Governor shall appoint**
8 **a successor whose term begins on January 1 next following. A member is eligible for reap-**
9 **pointment. If there is a vacancy for any cause, the Governor shall make an appointment to**
10 **become immediately effective for the unexpired term.**

11 **(3) The appointment of a board member is subject to confirmation by the Senate in the**
12 **manner prescribed in ORS 171.562 and 171.565.**

13 **(4) A board member is entitled to compensation and expenses as provided in ORS 292.495.**

14 **SECTION 2. The members of the Oregon Spirits Board must be residents of this state**
15 **who have:**

16 **(1) Expertise and experience in the Oregon distilled liquor industry; and**

17 **(2) A demonstrated ability and disposition to serve the state's interests regarding all as-**
18 **pects of the distilled liquor industry, including, but not limited to, manufacturing, marketing,**
19 **promotion, education and research and development.**

20 **SECTION 3. (1) The Oregon Spirits Board shall select one of its members as chairperson**
21 **and another as vice chairperson, for such terms and with duties and powers necessary for**
22 **the performance of the functions of such offices as the board determines.**

23 **(2) A majority of the members of the board constitutes a quorum for the transaction of**
24 **business.**

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 (3) The board shall meet at times and places specified by the call of the chairperson or
2 of a majority of the members of the board.

3 **SECTION 4.** In accordance with applicable provisions of ORS chapter 183, the Oregon
4 Spirits Board may adopt rules necessary for the administration of the laws that the board
5 is charged with administering.

6 **SECTION 5.** (1) The Oregon Spirits Board may establish any advisory and technical
7 committees the board considers necessary to aid and advise the board in the performance
8 of its functions. The committees may be continuing or temporary committees. The board
9 shall determine the representation, membership, terms and organization of the committees
10 and shall appoint their members.

11 (2) Members of the committees are not entitled to compensation, but at the discretion
12 of the board may be reimbursed from funds available to the board for actual and necessary
13 travel and other expenses incurred by them in the performance of their official duties, in the
14 manner and amount provided in ORS 292.495.

15 **SECTION 6.** The Legislative Assembly finds and declares that:

16 (1) The development of a world-class Oregon distilled liquor industry is important to the
17 state as a whole. The health of the distilled liquor industry affects the well-being of
18 Oregonians and local economies by benefitting grain and fruit producers and wholesalers and
19 industries that include, but are not limited to, equipment manufacturing, construction,
20 printing and transportation.

21 (2) It is in the public interest to encourage the orderly growth and development of
22 sustainable, labor-intensive, value-added industries, such as the distilled liquor industry.

23 (3) State involvement in the distilled liquor industry must be coordinated to respond to
24 state interests and to encourage appropriate partnership and cooperation between the public
25 and private sectors in ensuring orderly growth and realizing objectives for a world-class
26 Oregon distilled liquor industry.

27 **SECTION 7.** The Oregon Spirits Board shall operate for the purpose of supporting all
28 aspects of the Oregon distilled liquor industry, including, but not limited to, manufacturing,
29 marketing, promotion, education and research and development. The board shall work to
30 develop sustainable business practices for Oregon distillers and to support and promote the
31 Oregon distilled liquor industry. The board shall create and maintain a long-term strategic
32 plan for the development of a world-class Oregon distilled liquor industry and use that plan
33 as a guide to allocate funds and award grants to encourage projects.

34 **SECTION 8.** The Oregon Spirits Board may:

35 (1) Enter into agreements with consultants, agents and advisers, and prescribe their du-
36 ties;

37 (2) Appear on the board's own behalf before boards, commissions, departments or other
38 agencies of municipal or county governments, the state government or the federal govern-
39 ment;

40 (3) Accept donations, grants, bequests and devises, conditional or otherwise, of money,
41 property, services or other things of value, including the interest or earnings on those do-
42 nations but excluding corporate stock, that may be received from a government agency or
43 a public or private institution or person, to be held, used or applied for any or all of the
44 purposes specified in sections 1 to 9 of this 2015 Act in accordance with the terms and con-
45 ditions of the donation, grant, bequest or devise;

1 (4) Organize, conduct or sponsor, or cooperate with and assist the private sector and
2 other state agencies in the conduct of, conferences and tours relating to the distilled liquor
3 industry in Oregon;

4 (5) Expend moneys to support educational programs in fermentation science or support
5 other educational or informational programs that the board considers appropriate for en-
6 hancing and growing the distilled liquor industry and workforce; and

7 (6) Exercise any other powers necessary for the operation and functioning of the board
8 under sections 1 to 9 of this 2015 Act.

9 **SECTION 9.** The Oregon Spirits Board shall establish and operate a state distilled liquor
10 room by purchasing or receiving donations of tax-paid distilled liquor manufactured in this
11 state. Distilled liquor collected in the state distilled liquor room may be:

12 (1) Held as standards to compare against other distilled liquors to develop and improve
13 Oregon distilled liquor industry practices.

14 (2) Provided without charge to state governmental agencies for service at official gov-
15 ernmental entertainment functions.

16 (3) Provided without charge to the Governor and to the administrative heads of state
17 agencies on official government business to present as gifts when required by protocol or
18 social custom.

19 (4) Displayed and offered for tasting without charge in connection with promotional
20 campaigns to encourage the purchase of Oregon distilled liquor.

21 **SECTION 10.** The Oregon Spirits Board Fund is established in the State Treasury, sepa-
22 rate and distinct from the General Fund. Interest earned by the Oregon Spirits Board Fund
23 shall be credited to the fund. Moneys in the fund are continuously appropriated to the
24 Oregon Spirits Board for use in carrying out sections 1 to 9 of this 2015 Act.

25 **SECTION 11.** The Oregon Liquor Control Commission shall monthly determine the
26 amount that is equal to:

27 (1) One cent for each bottle of distilled liquor having a volume of not less than 50 but less
28 than 350 milliliters sold by the commission in the last-reported sales month;

29 (2) Two cents for each bottle of distilled liquor having a volume of not less than 350 but
30 less than 750 milliliters sold by the commission in the last-reported sales month;

31 (3) Three cents for each bottle of distilled liquor having a volume of not less than 750
32 milliliters but less than 1.5 liters sold by the commission in the last-reported sales month;
33 and

34 (4) Four cents for each bottle of distilled liquor having a volume of 1.5 liters or more sold
35 by the commission in the last-reported sales month.

36 **SECTION 12.** The Oregon Spirits Board shall biennially report to the Legislative Assem-
37 bly as provided under ORS 192.235 to 192.245 and 293.640 no later than September 15 following
38 the close of the reporting period. The report must include, but need not be limited to, a de-
39 scription of the amounts, types and purposes of board expenditures to carry out sections 1
40 to 9 of this 2015 Act and an evaluation of the state of the distilled liquor industry in Oregon,
41 including, but not limited to, an analysis of the effectiveness of board activities under
42 sections 1 to 9 of this 2015 Act in enhancing and growing the distilled liquor industry and
43 workforce.

44 **SECTION 13.** ORS 471.810 is amended to read:

45 471.810. (1) At the end of each month, the Oregon Liquor Control Commission shall certify the

1 amount of moneys available for distribution in the Oregon Liquor Control Commission Account [*and,*
2 *after withholding*]. **The commission shall withhold** such moneys as it may deem necessary to pay
3 its outstanding obligations[, *shall*] **and**, within 35 days of the month for which a distribution is made
4 [*direct the State Treasurer to pay the amounts due, upon warrants drawn by the Oregon Department*
5 *of Administrative Services*], **transfer the remaining available moneys for payment** as follows:

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

10 (b) Twenty percent to the cities of the state in such shares as the population of each city bears
11 to the population of the cities of the state, as determined by Portland State University last preceding
12 such apportionment, under ORS 190.510 to 190.610;

13 (c) Ten percent to counties in such shares as their respective populations bear to the total
14 population of the state, as estimated from time to time by Portland State University; [*and*]

15 (d) Fourteen percent to the cities of the state to be distributed as provided in ORS 221.770 and
16 this section[.]; **and**

17 **(e) The amount determined by the commission under section 11 of this 2015 Act for**
18 **crediting to the Oregon Spirits Board Fund.**

19 (2) The commission shall [*direct the Oregon Department of Administrative Services to*] transfer
20 50 percent of the revenues from the taxes imposed by ORS 473.030 and 473.035 to the Mental Health
21 Alcoholism and Drug Services Account in the General Fund [*to be paid monthly*] **for monthly pay-**
22 **ment** as provided in ORS 430.380.

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

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

41 **SECTION 14. Notwithstanding the term of office specified by section 1 of this 2015 Act,**
42 **of the members first appointed to the Oregon Spirits Board:**

43 (1) **Two shall serve for terms ending January 1, 2017.**

44 (2) **Two shall serve for terms ending January 1, 2018.**

45 (3) **Two shall serve for terms ending January 1, 2019.**

1 **(4) Three shall serve for terms ending January 1, 2020.**

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