

# House Bill 2568

Sponsored by Representatives WILLIAMSON, DOHERTY, MCKEOWN; Representatives BOONE, CLEM, EVANS, FAGAN, FREDERICK, GOMBERG, GORSEK, HELM, HOLVEY, HOYLE, 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 **as introduced**.

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.

## 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.**

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

27 **SECTION 4. In accordance with applicable provisions of ORS chapter 183, the Oregon**  
28 **Spirits Board may adopt rules necessary for the administration of the laws that the board**

**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 is charged with administering.

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

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

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

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

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

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

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

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

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

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

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

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

45 (5) Expend moneys to support educational programs in fermentation science or support

1 other educational or informational programs that the board considers appropriate for en-  
2 hancing and growing the distilled liquor industry and workforce; and

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

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

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

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

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

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

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

21 **SECTION 11.** In addition to the amount that the Oregon Liquor Control Commission  
22 withholds under ORS 471.810 (1) to pay outstanding obligations, prior to directing the State  
23 Treasurer to pay from the Oregon Liquor Control Commission Account the amounts due  
24 upon warrants of the Oregon Department of Administrative Services, the commission shall  
25 withhold and direct the State Treasurer to pay to the credit of the Oregon Spirits Board  
26 Fund an amount 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.** ORS 471.810 is amended to read:

37 471.810. (1) At the end of each month, the Oregon Liquor Control Commission shall certify the  
38 amount of moneys available for distribution in the Oregon Liquor Control Commission Account and,  
39 after withholding such moneys as it may deem necessary to pay its outstanding obligations **and for**  
40 **payment to the Oregon Spirits Board Fund as provided under section 11 of this 2015 Act**, shall  
41 within 35 days of the month for which a distribution is made direct the State Treasurer to pay the  
42 amounts due, upon warrants drawn by the Oregon Department of Administrative Services, as fol-  
43 lows:

44 (a) Fifty-six percent, or the amount remaining after the distribution under subsection (4) of this  
45 section, credited to the General Fund available for general governmental purposes wherein it shall

1 be considered as revenue during the quarter immediately preceding receipt;

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

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

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

9 (2) The commission shall direct the Oregon Department of Administrative Services to transfer  
 10 50 percent of the revenues from the taxes imposed by ORS 473.030 and 473.035 to the Mental Health  
 11 Alcoholism and Drug Services Account in the General Fund to be paid monthly as provided in ORS  
 12 430.380.

13 (3) If the amount of revenues received from the taxes imposed by ORS 473.030 for the preceding  
 14 month was reduced as a result of credits claimed under ORS 473.047, the commission shall compute  
 15 the difference between the amounts paid or transferred as described in subsections (1)(b), (c) and (d)  
 16 and (2) of this section and the amounts that would have been paid or transferred under subsections  
 17 (1)(b), (c) and (d) and (2) of this section if no credits had been claimed. The commission shall direct  
 18 the Oregon Department of Administrative Services to pay or transfer amounts equal to the differ-  
 19 ences computed for subsections (1)(b), (c) and (d) and (2) of this section from the General Fund to  
 20 the recipients or accounts described in subsections (1)(b), (c) and (d) and (2) of this section.

21 (4) Notwithstanding subsection (1) of this section, no city or county shall receive for any fiscal  
 22 year an amount less than the amount distributed to the city or county in accordance with ORS  
 23 471.350 (1965 Replacement Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the  
 24 1966-1967 fiscal year unless the city or county had a decline in population as shown by its census.  
 25 If the population declined, the per capita distribution to the city or county shall be not less than  
 26 the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required to  
 27 maintain the level of distribution under this subsection shall be paid from funds credited under  
 28 subsection (1)(a) of this section.

29 **SECTION 13. Notwithstanding the term of office specified by section 1 of this 2015 Act,**  
 30 **of the members first appointed to the Oregon Spirits Board:**

- 31 (1) **Two shall serve for terms ending January 1, 2017.**
- 32 (2) **Two shall serve for terms ending January 1, 2018.**
- 33 (3) **Two shall serve for terms ending January 1, 2019.**
- 34 (4) **Three shall serve for terms ending January 1, 2020.**