78th Oregon Legislative Assembly - 2016 Regular Session   **MEASURE:**   HB 4053 A
STAFF MEASURE SUMMARY   **CARRIER:**   Rep. Holvey
House Committee On Business and Labor

Fiscal:	Has minimal fiscal impact
Revenue:	Has minimal revenue impact
Action Date:	02/03/16
Action:	Do Pass With Amendments. (Printed A-Eng.)
Meeting Dates:	02/03
Vote:	

       Yeas: 11 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Expands retail opportunities for brewery licensees to include retail sales of malt beverage, wine and cider for consumption on or off the licensed premises; selling wine, malt beverages or cider in growlers; holding special events licenses; and holding a full on-premises sales license that allows sale of distilled spirits. Establishes fee for special events brewery license. Requires special events brewery license holder to maintain liquor liability insurance or a bond if event is opened to public and attendance is anticipated to exceed 300 individuals per day. Limits brewery licensee, and certain persons connected to licensee, to selling malt beverage at retail to three locations regardless of number or type of licenses held.

ISSUES DISCUSSED:

- Participation in work group that developed proposal contained in House Bill 4053
- Goal of work group was to clarify privileges of brewery licensees
- Definition of "common control"

EFFECT OF COMMITTEE AMENDMENT:

Establishes $10/day fee for special events brewery license. Requires special events brewery license holder to maintain liability insurance or a bond if event is opened to public and attendance is anticipated to exceed 300 individuals per day.

BACKGROUND:

A malt beverage manufacturer has the option of holding a brewery license or a brew-pub license. The licenses differ as to what activities are allowed. In general, a brewery licensee can manufacture and distribute but has quite limited retail opportunities. On the other hand, a brew-pub licensee can manufacture and retail but is quite limited in distribution. The three-tier structure (manufacturing, distributing and retailing) was meant to prevent an entity from controlling a product through all stages. However, existing statutes do not prevent a brewery licensee from holding a winery license, which offers additional retail opportunities.

To address potential abuses of the three-tier system, a group representing brewers, distributors, and wineries met during the 2015 interim and developed the concepts contained in House Bill 4053-A. The measure expands retail opportunities for brewery licensees to include retail sales of malt beverage, wine and cider for consumption on or off the licensed premises; selling wine, malt beverages or cider in growlers; and holding a full on-premises sales license, which allows for the sale of distilled spirits. However, these expanded retail activities are allowed at only the licensed premises and up to two additional locations. The measure also allows a brewery to hold a special events brewery license. The measure prohibits a brewery licensee from holding a winery license unless wine or cider is actually being produced and a federal producer and blender permit is held. The measure also requires a brewery licensee to obtain a wholesale malt beverage license in order to sell or distribute any malt beverage other

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

1 of 2

than its own product or a product brewed by a manufacturer under common control and that is sold at the primary licensed premises. Finally, the measure limits to three the total number of locations where malt beverages are sold at retail by the brewery licensee, a manufacturer under common control with the brewery licensee, or any of the brewer's or commonly controlled manufacturer's officers, directors, substantial stockholders or substantial equity holders. This limit of three is regardless of the number and type of licenses held by the brewery licensee, manufacturer, officer, director, stockholder or equity holder.

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

2 of 2