

# House Bill 4026

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## 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**.

Phases out role of Oregon Liquor Control Commission in purchasing, importing, warehousing and retailing of distilled liquors.

Creates wholesale distilled liquor license system. Authorizes distilled liquor wholesaler to import, store, transport, export, sell at wholesale and distribute distilled liquor.

Imposes privilege tax on engaging in business as distilled liquor wholesaler of 71.7 percent of price paid by wholesaler for distilled liquor.

Creates liquor store license system. Authorizes holder of license to sell factory-sealed containers of distilled liquor at retail for off-premises consumption.

Becomes operative on effective date of ballot measure that terminates authority of Oregon Liquor Control Commission or any successor state agency to sell distilled liquor at retail and set retail prices for distilled liquor.

Takes effect on 91st day following sine die.

## A BILL FOR AN ACT

Relating to taxation; creating new provisions; amending ORS 279A.025, 471.001, 471.038, 471.105, 471.155, 471.175, 471.184, 471.190, 471.200, 471.223, 471.227, 471.230, 471.235, 471.251, 471.292, 471.294, 471.311, 471.327, 471.341, 471.346, 471.392, 471.396, 471.404, 471.405, 471.410, 471.446, 471.473, 471.710, 471.725, 471.740, 471.754, 473.060, 473.090, 473.100, 473.110, 473.120 and 473.150; repealing ORS 471.745, 471.750 and 471.752; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

**SECTION 1. Sections 2 to 4 of this 2016 Act are added to and made a part of ORS chapter 471.**

**SECTION 2. (1) The holder of a wholesale distilled liquor license may import, store, transport, export, sell at wholesale and distribute distilled liquors in factory-sealed containers to liquor store licensees who operate exclusive or nonexclusive liquor stores within the service area established in the wholesale distilled liquor license or to another distilled liquor wholesaler. The distilled liquor wholesaler may sell and deliver distilled liquor only to a liquor store licensed under section 3 of this 2016 Act operating within the wholesaler's service area or to the premises of another distilled liquor wholesaler. Sales by a distilled liquor wholesaler to a liquor store shall be at the prices established by the Oregon Liquor Control Commission.**

**(2) A distilled liquor wholesaler shall establish and maintain warehouses and, subject to any license restrictions, conditions or limitations imposed by the commission, shall keep on hand in the warehouses such quantities and kinds of distilled liquors as are reasonably required to meet the purchasing needs of licensed liquor stores within the wholesaler service area.**

**(3) A liquor store licensee may make payment for purchases of distilled liquor, and a distilled liquor wholesaler may accept payment for purchases of distilled liquor, by cash,**

**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 check or electronic fund transfer. All payments for distilled liquor by a liquor store licensee  
2 must be made before or at the time the distilled liquor is delivered.

3 (4) A wholesale distilled liquor license is subject to any license terms established by the  
4 commission. The commission may issue more than one wholesale distilled liquor license au-  
5 thORIZING distilled liquor sales within an area, but may not authorize more than one distilled  
6 liquor wholesaler for a brand of distilled liquor within an area. The commission shall estab-  
7 lish service areas for distilled liquor wholesalers that are adequate to ensure that each ex-  
8 clusive or nonexclusive liquor store has access to sufficient wholesalers to satisfy the  
9 purchasing needs of the store.

10 (5) The commission shall establish wholesale distilled liquor license fees by rule. A  
11 wholesale distilled liquor license is valid for a term of 10 years unless sooner suspended, re-  
12 voked or surrendered. A wholesale distilled liquor license may not be transferred without  
13 written approval by the commission.

14 (6) The commission may inspect licensee books and records and the licensed premises  
15 during normal business hours to verify compliance with the terms of the wholesale distilled  
16 liquor license.

17 **SECTION 3.** (1) A liquor store license authorizes the licensee to sell distilled liquor at a  
18 retail store location approved by the Oregon Liquor Control Commission. Except as provided  
19 under ORS 471.175, distilled liquor may be sold at retail only by a liquor store licensee.

20 (2) A liquor store license may be an exclusive liquor store license, nonexclusive liquor  
21 store license or distillery liquor store license. An exclusive liquor store license authorizes the  
22 licensee to sell distilled liquor at a retail store that offers only distilled liquor and related  
23 items as permitted by commission rule. A nonexclusive liquor store license authorizes the  
24 licensee to sell distilled liquor at a retail store that offers distilled liquor and related items  
25 and offers other goods for sale. The commission may adopt rules limiting the amount of  
26 distilled liquor sold at a nonexclusive liquor store. A distillery liquor store license authorizes  
27 the sale of distilled liquor at a location authorized as provided in ORS 471.230.

28 (3) The commission shall license exclusive and nonexclusive liquor stores in sufficient  
29 number, and in localities in this state as in the judgment of the commission are required by  
30 public convenience or necessity, for the sale of distilled liquor in factory-sealed containers  
31 for consumption off the premises. A liquor store may not be established in any county or  
32 incorporated city of this state where a local prohibitory law is in effect.

33 (4) An exclusive or nonexclusive liquor store license shall be valid for a term of 10 years  
34 unless sooner suspended or revoked. Prior to the creation or expiration of an exclusive or  
35 nonexclusive liquor store license, the commission shall give public notice requesting pro-  
36 posals for the operation of a licensed liquor store for the following 10-year term. The com-  
37 mission shall establish the minimum terms for a proposal to be considered by the  
38 commission, including the minimum acceptable proposed license fee and minimum required  
39 bond. A request for proposals under this section and the selection of a liquor store licensee  
40 are not subject to the Public Contracting Code.

41 (5) In selecting the holder of an exclusive or nonexclusive liquor store license, the com-  
42 mission shall give preference to the holder of the expiring license if the proposal submitted  
43 by the holder meets the minimum requirements established by the commission for acceptable  
44 proposals and contains the highest proposed license fee or a proposed license fee that is at  
45 least 10 percent higher than the minimum acceptable proposed license fee.

1       **(6) The commission shall establish by rule a license fee for distillery liquor stores in an**  
2 **amount reasonably calculated to compensate the commission for the cost of administering**  
3 **the distillery liquor store license.**

4       **(7) The commission may inspect licensee books and records and the licensed premises**  
5 **during normal business hours to verify compliance with the terms of the liquor store license.**

6       **SECTION 4. (1) Distilled liquor sold by a liquor store must be in a factory-sealed con-**  
7 **tainer. Containers of distilled liquor sold under the license must not hold more than one**  
8 **gallon. A liquor store may sell distilled liquor only for off-premises consumption.**

9       **(2) A liquor store licensee may purchase distilled liquor for resale only from a distilled**  
10 **liquor wholesaler licensed by the Oregon Liquor Control Commission under section 2 of this**  
11 **2016 Act.**

12       **(3) Sales by the liquor store licensee shall be at the prices established by the commission.**

13       **(4) A liquor store licensee may conduct sales of distilled liquor only at the authorized li-**  
14 **quor store location. A liquor store may not make deliveries of distilled liquor other than**  
15 **deliveries to the licensed premises of a full on-premises sales licensee.**

16       **(5) An exclusive or nonexclusive liquor store may not be operated on the same property**  
17 **as a full on-premises sales licensee or limited on-premises sales licensee. Except as provided**  
18 **in ORS 471.230, a liquor store licensee may not allow the consumption of alcoholic beverages**  
19 **on the licensed premises.**

20       **(6) The commission may adopt rules establishing the hours of operation for a liquor store**  
21 **and regulating advertising by a liquor store.**

22       **(7) A liquor store licensee must obtain commission approval to establish or change a li-**  
23 **quor store location. If the licensee sells the business, the purchaser may not operate the**  
24 **business as a liquor store unless the commission approves the transfer of the liquor store**  
25 **license from the seller to the purchaser. If a liquor store licensee dies, the commission may**  
26 **transfer the license from the decedent to the spouse or child of the decedent, if the spouse**  
27 **or child is at least 21 years of age. In determining the qualifications of a person to receive**  
28 **transfer of a license under this subsection, the commission shall give primary consideration**  
29 **to the person's experience in liquor store operation. Notwithstanding section 3 of this 2016**  
30 **Act, the commission is not required to request or accept proposals prior to transferring a**  
31 **license under this subsection.**

32       **SECTION 5.** ORS 279A.025 is amended to read:

33       279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting  
34 Code applies to all public contracting.

35       (2) The Public Contracting Code does not apply to:

36       (a) Contracts between a contracting agency and:

37       (A) Another contracting agency;

38       (B) The Oregon Health and Science University;

39       (C) A public university listed in ORS 352.002;

40       (D) The Oregon State Bar;

41       (E) A governmental body of another state;

42       (F) The federal government;

43       (G) An American Indian tribe or an agency of an American Indian tribe;

44       (H) A nation, or a governmental body in a nation, other than the United States; or

45       (I) An intergovernmental entity formed between or among:

- 1 (i) Governmental bodies of this or another state;
- 2 (ii) The federal government;
- 3 (iii) An American Indian tribe or an agency of an American Indian tribe;
- 4 (iv) A nation other than the United States; or
- 5 (v) A governmental body in a nation other than the United States;
- 6 (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or
- 7 other authority for establishing agreements between or among governmental bodies or agencies or
- 8 tribal governing bodies or agencies;
- 9 (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and
- 10 414.145 for purposes of source selection;
- 11 (d) Grants;
- 12 (e) Contracts for professional or expert witnesses or consultants to provide services or testimony
- 13 relating to existing or potential litigation or legal matters in which a public body is or may become
- 14 interested;
- 15 (f) Acquisitions or disposals of real property or interest in real property;
- 16 (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source se-
- 17 lection;
- 18 (h) Contracts for the procurement or distribution of textbooks;
- 19 (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
- 20 (j) The procurement, transportation or distribution of distilled liquor, as defined in ORS 471.001,
- 21 or the *[appointment of agents under ORS 471.750]* **requesting of liquor store license proposals,**
- 22 **selection of liquor store licensees or negotiation of a liquor store license** by the Oregon Liquor
- 23 Control Commission;
- 24 (k) Contracts entered into under ORS chapter 180 between the Attorney General and private
- 25 counsel or special legal assistants;
- 26 (L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry
- 27 and the State Forestry Department;
- 28 (m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L)
- 29 of this subsection, either separately from or in conjunction with contracts for the sale of timber,
- 30 including but not limited to activities such as timber harvesting and sorting, transporting, gravel
- 31 pit development or operation, and road construction, maintenance or improvement;
- 32 (n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by
- 33 the State Forester or the State Board of Forestry;
- 34 (o) Contracts entered into by the Housing and Community Services Department in exercising the
- 35 department's duties prescribed in ORS chapters 456 and 458, except that the department's public
- 36 contracting for goods and services is subject to ORS chapter 279B;
- 37 (p) Contracts entered into by the State Treasurer in exercising the powers of that office pre-
- 38 scribed in ORS 178.010 to 178.100 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including
- 39 but not limited to investment contracts and agreements, banking services, clearing house services
- 40 and collateralization agreements, bond documents, certificates of participation and other debt re-
- 41 payment agreements, and any associated contracts, agreements and documents, regardless of
- 42 whether the obligations that the contracts, agreements or documents establish are general, special
- 43 or limited, except that the State Treasurer's public contracting for goods and services is subject to
- 44 ORS chapter 279B;
- 45 (q) Contracts, agreements or other documents entered into, issued or established in connection

1 with:

2 (A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;

3 (B) The making of program loans and similar extensions or advances of funds, aid or assistance  
4 by a public body to a public or private body for the purpose of carrying out, promoting or sustaining  
5 activities or programs authorized by law; or

6 (C) The investment of funds by a public body as authorized by law, and other financial trans-  
7 actions of a public body that by their character cannot practically be established under the com-  
8 petitive contractor selection procedures of ORS 279B.050 to 279B.085;

9 (r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221,  
10 243.275, 243.291, 243.303 and 243.565;

11 (s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

12 (t) Any other public contracting of a public body specifically exempted from the code by another  
13 provision of law.

14 (3) The Public Contracting Code does not apply to the contracting activities of:

15 (a) The Oregon State Lottery Commission;

16 (b) The legislative department;

17 (c) The judicial department;

18 (d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to  
19 279.855 and 279A.250 to 279A.290;

20 (e) Oregon Corrections Enterprises;

21 (f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to  
22 279A.290;

23 (g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

24 (h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

25 (i) The Oregon Innovation Council;

26 (j) The Oregon Utility Notification Center; or

27 (k) Any other public body specifically exempted from the code by another provision of law.

28 (4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with  
29 qualified nonprofit agencies providing employment opportunities for individuals with disabilities un-  
30 der ORS 279.835 to 279.855.

31 **SECTION 6.** ORS 471.001 is amended to read:

32 471.001. As used in this chapter and ORS chapter 473:

33 (1) "Alcoholic beverage" and "alcoholic liquor" mean any liquid or solid containing more than  
34 one-half of one percent alcohol by volume and capable of being consumed by a human being.

35 (2) "Commercial establishment" means a place of business:

36 (a) Where food is cooked and served;

37 (b) That has kitchen facilities adequate for the preparation and serving of meals;

38 (c) That has dining facilities adequate for the serving and consumption of meals; and

39 (d) That:

40 (A) If not a for-profit private club, serves meals to the general public; or

41 (B) If a for-profit private club, serves meals to the club's members and guests and complies with  
42 any minimum membership and food service requirements established by Oregon Liquor Control  
43 Commission rules.

44 (3) "Commission" means the Oregon Liquor Control Commission.

45 (4) "Distilled liquor" means any alcoholic beverage other than a wine, cider or malt beverage.

1 “Distilled liquor” includes distilled spirits.

2 (5) **“Distilled liquor wholesaler” means the holder of a wholesale distilled liquor license**  
3 **issued under section 2 of this 2016 Act.**

4 [(5)] (6) “Licensee” means any person holding a license issued under this chapter.

5 (7) **“Liquor store” means a premises operated under the authority of a liquor store li-**  
6 **cence issued under section 3 of this 2016 Act.**

7 [(6)(a)] (8)(a) “Malt beverage” means an alcoholic beverage obtained by the fermentation of  
8 grain that contains not more than 14 percent alcohol by volume.

9 (b) “Malt beverage” includes:

10 (A) Beer, ale, porter, stout and similar alcoholic beverages containing not more than 14 percent  
11 alcohol by volume;

12 (B) Malt beverages containing six percent or less alcohol by volume and that contain at least  
13 51 percent alcohol by volume obtained by the fermentation of grain, as long as not more than 49  
14 percent of the beverage’s overall alcohol content is obtained from flavors and other added  
15 nonbeverage ingredients containing alcohol; and

16 (C) Malt beverages containing more than six percent alcohol by volume that derive not more  
17 than 1.5 percent of the beverage’s overall alcohol content by volume from flavors and other added  
18 nonbeverage ingredients containing alcohol.

19 (c) “Malt beverage” does not include cider or an alcoholic beverage obtained primarily by  
20 fermentation of rice, such as sake.

21 [(7)] (9) “Manufacturer” means every person who produces, brews, ferments, manufactures or  
22 blends an alcoholic beverage within this state or who imports or causes to be imported into this  
23 state an alcoholic beverage for sale or distribution within the state.

24 [(8)] (10) “Permittee” means a person holding a permit issued under ORS 471.360 to 471.390.

25 [(9)] (11) “Premises” or “licensed premises” means a location licensed under this chapter and  
26 includes all enclosed areas at the location that are used in the business operated at the location,  
27 including offices, kitchens, rest rooms and storerooms, including all public and private areas where  
28 patrons are permitted to be present. “Premises” or “licensed premises” includes areas outside of a  
29 building that the commission has specifically designated as approved for alcoholic beverage service  
30 or consumption.

31 [(10)] (12) “Regulatory specialist” means a full-time employee of the commission who is author-  
32 ized to act as an agent of the commission in conducting inspections or investigations, making arrests  
33 and seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise en-  
34 forcing this chapter, ORS 474.005 to 474.095 and 474.115, commission rules and any other statutes  
35 the commission considers related to regulating liquor or marijuana.

36 [(11)] (13) “Wine” means any fermented vinous liquor or fruit juice, or other fermented beverage  
37 fit for beverage purposes that is not a malt beverage, containing more than one-half of one percent  
38 of alcohol by volume and not more than 21 percent of alcohol by volume. “Wine” includes fortified  
39 wine. “Wine” does not include cider.

40 **SECTION 7.** ORS 471.038 is amended to read:

41 471.038. (1) Nonbeverage food products described in subsection (6) of this section may be sold  
42 at retail by any holder of a license issued by the Oregon Liquor Control Commission that authorizes  
43 the sale of alcoholic liquor at retail[, or in any store operated by the commission under the provisions  
44 of ORS 471.750]. Any nonbeverage food product [containing more than one-half of one percent of al-  
45cohol by volume] **described in subsection (6) of this section** must be clearly labeled to reflect the

1 alcohol content of the product and clearly labeled on the front of the package to indicate that the  
2 product may not be sold to persons under 21 years of age.

3 (2) Except as provided by this section, sales of nonbeverage food products described in sub-  
4 section (6) of this section are subject to all provisions of this chapter, including the prohibitions on  
5 sales to persons under 21 years of age and the prohibitions on sales to persons who are visibly  
6 intoxicated.

7 (3) Nonbeverage food products described in subsection (6) of this section may be imported,  
8 stored and distributed in this state without a license issued by the commission. Nonbeverage food  
9 products described in subsection (6) of this section are not subject to the privilege taxes imposed  
10 by ORS chapter 473.

11 (4) Manufacturers of nonbeverage food products described in subsection (6) of this section are  
12 not subject to the provisions of ORS 471.392 to 471.400, 471.485, 471.490 or 471.495 or any other  
13 provision of this chapter relating to manufacturers of alcoholic liquor. A manufacturer of  
14 nonbeverage food products described in subsection (6) of this section may sell and deliver the  
15 product directly to a licensee authorized under this section to sell the product at retail.

16 (5) The holder of a distillery license issued under ORS 471.230 who is also a manufacturer of  
17 nonbeverage food products described in subsection (6) of this section may purchase distilled liquor  
18 directly from other distilleries.

19 (6) The provisions of this section apply only to nonbeverage food products that contain **more**  
20 **than one-half of one percent by volume and** not more than **the greater of** five percent alcohol  
21 by weight or 10 percent alcohol by volume[, *whichever is greater*].

22 **SECTION 8.** ORS 471.105 is amended to read:

23 471.105. Before being qualified to purchase alcoholic liquor [*from the Oregon Liquor Control*  
24 *Commission*], a person must be at least 21 years of age.

25 **SECTION 9.** ORS 471.155 is amended to read:

26 471.155. (1) The Oregon Liquor Control Commission shall provide for the licensing of persons  
27 and cities within [*the*] **this** state to manufacture, distribute, take orders for and sell spirits, wines,  
28 beer and other alcoholic liquors. Except as provided in subsection (2) of this section, the holder of  
29 a brewery, winery, wholesale **malt beverage and wine, wholesale distilled liquor, liquor store,**  
30 warehouse, grower sales privilege or brewery-public house license or the holder of a wine self-  
31 distribution permit shall give, and at all times maintain on file with the commission, a bond with a  
32 corporate surety authorized to transact business in this state. The bond shall be in form and amount  
33 acceptable to the commission, shall be payable to the commission and conditioned that the licensee  
34 or permittee will pay any fine imposed for any violation of any provision of the Liquor Control Act  
35 and that the licensee or permittee will pay all license fees, privilege taxes, taxes imposed under ORS  
36 473.045 and other taxes on alcoholic liquors, together with penalties and interest thereon, levied or  
37 assessed against the licensee or permittee under statutes relating to the importation, manufacture,  
38 distribution, sale or taxation of alcoholic liquors in [*the State of Oregon*] **this state**.

39 (2) Under such conditions as the commission may prescribe, the holder of a brewery, winery,  
40 wholesale **malt beverage and wine, wholesale distilled liquor, liquor store,** warehouse, grower  
41 sales privilege or brewery-public house license or the holder of a wine self-distribution permit may  
42 deposit, in lieu of the bond required by subsection (1) of this section, the equivalent value in cash,  
43 bank letters of credit recognized by the State Treasurer or negotiable securities of a character ap-  
44 proved by the State Treasurer. The deposit is to be made in a bank or trust company for the benefit  
45 of the commission. Interest on deposited funds or securities shall accrue to the depositor.

**SECTION 10.** ORS 471.175 is amended to read:

471.175. (1) The holder of a full on-premises sales license may sell by the drink at retail wine, malt beverages, cider and distilled liquor. Except as provided in this section, all alcoholic beverages sold under a full on-premises sales license must be consumed on the licensed premises.

(2) A full on-premises sales license may be issued only to:

(a) A nonprofit private club, as described in subsection (8) of this section.

(b) A public passenger carrier as provided in ORS 471.182.

(c) A commercial establishment, as defined in ORS 471.001 [(2)].

(d) A public location that does not qualify for licensing under paragraphs (a) to (c) of this subsection if:

(A) Food is cooked and served at the location;

(B) The predominant business activity at the location is other than the preparation or serving of food or the serving of alcohol; and

(C) The location meets any minimum food service requirements established by Oregon Liquor Control Commission rule.

(e) A caterer, subject to the requirements of ORS 471.184.

(3) The holder of a full on-premises sales license shall allow a patron to remove a partially consumed bottle of wine from the licensed premises if the wine is served in conjunction with the patron's meal, the patron is not a minor and the patron is not visibly intoxicated.

*[(4) The holder of a full on-premises sales license is entitled to purchase any distilled liquor from an agent of the commission appointed pursuant to ORS 471.750 at a discount of not more than five percent off the regular listed price fixed by the commission, together with all taxes, in a manner prescribed by commission rule. For purposes of compensation by the commission, the appointed agent shall be credited with such sales at full retail cost. The commission may not require the licensee to purchase more than one container of distilled liquor at a time if the distilled liquor:]*

*[(a) Except as provided in subsection (9) of this section, has a retail sales price of \$30 or more per container;]*

*[(b) Is available through a distributor in the United States that does not require the commission to acquire more than one case of the distilled liquor in a single transaction;]*

*[(c) Is not regularly stocked by the commission; and]*

*[(d) Is ordered in a 750 milliliter container size if available in that size.]*

[(5)] (4) The holder of a full on-premises sales license may purchase distilled liquor only from a [retail sales agent of the commission] **liquor store** or from another person licensed under this section who has purchased the distilled liquor from a [retail sales agent of the commission] **liquor store**.

[(6)] (5) The holder of a full on-premises sales license may sell factory-sealed containers of wine to a person who organizes a private gathering on the licensee's premises if the wine was acquired as part of a larger purchase of wine by the licensee for the purpose of the gathering and only part of the larger purchase was consumed at the gathering. Wine sold under this subsection may be sold only for an amount adequate to compensate the licensee for the amounts paid by the licensee for the wine.

[(7)] (6) The holder of a full on-premises sales license may sell for consumption off the licensed premises malt beverages, wines and cider in securely covered containers provided by the consumer and having capacities of not more than two gallons each.

[(8)] (7) A nonprofit private club, including but not limited to a fraternal or veterans organization, may qualify for a full on-premises sales license under this section only if the club meets any



1 minimum membership, nonprofit status and food service requirements established by commission  
2 rule.

3 *[(9) The commission may annually adjust the price threshold established in subsection (4)(a) of this*  
4 *section by a percentage equal to the percentage change in the Portland-Salem, OR-WA Consumer Price*  
5 *Index for All Urban Consumers for All Items as published by the Bureau of Labor Statistics of the*  
6 *United States Department of Labor. However, the commission may not adjust the price threshold to be*  
7 *less than \$30.]*

8 **SECTION 10a.** ORS 471.184 is amended to read:

9 471.184. (1) The holder of a full or limited on-premises sales license may cater a temporary event  
10 at a location other than the licensed premises if the event is not open to the general public.  
11 Catering of an event under this subsection must be pursuant to a contract with a client. The con-  
12 tract must provide that the licensee will furnish food and beverage services for no more than 100  
13 patrons. The licensee must serve food as required by rules of the commission. The licensee may  
14 cater events under this subsection without giving advance notice to the Oregon Liquor Control  
15 Commission if, before the event occurs, the commission gives written approval to the licensee au-  
16 thORIZING catering pursuant to this subsection. Events catered under the provisions of this sub-  
17 section must meet all requirements for enclosure of premises that may be imposed by the commission  
18 for the purposes of this section. Notwithstanding ORS 471.175 (3) and [(7)] (6) and 471.178 (2) to (4),  
19 the licensee may not permit patrons of the event to remove any alcoholic beverages from the  
20 premises of the event.

21 (2) In addition to catered events under subsection (1) of this section, the commission may by rule  
22 allow the exercise of the privileges of a full or limited on-premises sales license at temporary events  
23 held at locations other than the licensed premises. The commission may:

24 (a) Require notice to the commission before the exercise of license privileges at temporary  
25 events under this subsection;

26 (b) Require that written approval by the commission be obtained before the exercise of license  
27 privileges at temporary events under this subsection;

28 (c) Establish eligibility criteria for the exercise of license privileges at temporary events under  
29 this subsection; and

30 (d) Establish fees reasonably calculated to cover administrative expenses incurred by the com-  
31 mission in administering this subsection.

32 **SECTION 11.** ORS 471.190 is amended to read:

33 471.190. (1) The holder of a temporary sales license may:

34 (a) Sell at retail by the drink wine, malt beverages, cider and distilled liquor.

35 (b) Sell for consumption off the licensed premises wine, malt beverages and cider in factory-  
36 sealed containers.

37 (c) Sell for consumption off the licensed premises wine, malt beverages and cider in securely  
38 covered containers supplied by the consumer and having capacities of not more than two gallons  
39 each.

40 (2) Distilled liquor served by the holder of a temporary sales license must be purchased from a  
41 *[retail sales agent of the Oregon Liquor Control Commission]* **liquor store**. The holder of a temporary  
42 sales license must provide food service as required by **Oregon Liquor Control** Commission rule.

43 (3) A temporary sales license may be issued only to:

44 (a) Nonprofit or charitable organizations that are registered with the state.

45 (b) A political committee that has filed a statement of organization under ORS 260.039 or

1 260.042.

2 (c) State agencies.

3 (d) Local governments, and agencies and departments of local governments.

4 (e) Persons not otherwise described in this subsection, as long as the applicant submits a plan  
 5 that is approved by the commission detailing how minors will be prevented from gaining access to  
 6 alcoholic beverages and how minors will be prevented from gaining access to any portion of the li-  
 7 censed premises prohibited to minors under ORS 471.430 (3) or any rule adopted by the commission.

8 (4) The commission may by rule establish additional eligibility requirements for temporary sales  
 9 licenses.

10 (5) Subject to such qualifications as the commission may establish by rule, persons who hold a  
 11 full or limited on-premises sales license are eligible for temporary sales licenses.

12 (6) A person holding a temporary sales license is not required to obtain an intermittent tempo-  
 13 rary restaurant, seasonal temporary restaurant, single-event temporary restaurant license or mobile  
 14 unit license under ORS chapter 624 if only wine, malt beverages and cider in single-service con-  
 15 tainers are served and only nonperishable food items that are exempted from licensure by the  
 16 Oregon Health Authority are served.

17 (7) Employees and volunteers serving alcoholic beverages for a nonprofit or charitable organ-  
 18 ization licensed under this section are not required to have service permits or to complete an alco-  
 19 hol server education program and examination under ORS 471.542. The commission by rule may  
 20 establish education requirements for servers described in this subsection.

21 (8) Notwithstanding ORS 471.392 to 471.400, a temporary sales license may be issued to a  
 22 nonprofit trade association that has a membership primarily composed of persons that hold winery  
 23 licenses issued under ORS 471.223 or grower sales privilege licenses issued under ORS 471.227.

24 **SECTION 12.** ORS 471.200 is amended to read:

25 471.200. (1) A brewery-public house license allows the licensee:

26 (a) To manufacture on the licensed premises, store, transport, sell to wholesale malt beverage  
 27 and wine licensees of the Oregon Liquor Control Commission and export malt beverages;

28 (b) To sell malt beverages manufactured on or off the licensed premises at retail for consumption  
 29 on or off the premises;

30 (c) To sell malt beverages in brewery-sealed packages at retail directly to the consumer for  
 31 consumption off the premises;

32 (d) To sell on the licensed premises at retail malt beverages manufactured on or off the licensed  
 33 premises in unpasteurized or pasteurized form directly to the consumer for consumption off the  
 34 premises, delivery of which may be made in a securely covered container supplied by the consumer;

35 (e) To sell wine and cider at retail for consumption on or off the premises;

36 (f) To sell for consumption off the premises wines and cider in securely covered containers  
 37 supplied by the consumer and having capacities of not more than two gallons each;

38 (g) To conduct the activities, except manufacturing, described in paragraphs (a) to (f) of this  
 39 subsection at one location other than the premises where the manufacturing occurs;

40 (h) To obtain a special events brewery-public house license entitling the holder to conduct the  
 41 activities allowed under paragraphs (b) to (f) of this subsection at a designated location other than  
 42 the location set forth in the brewery-public house license for a period not exceeding five days;

43 (i) To distribute malt beverages manufactured at the licensed premises to any other premises  
 44 licensed to the same licensee, whether a manufacturer, wholesaler or retail premises; and

45 (j) To distribute for export, in any amount, malt beverages manufactured at the licensed prem-

1 ises.

2 (2) In addition to the privileges specified in subsection (1) of this section, in any calendar year  
3 a brewery-public house licensee may sell at wholesale and distribute to licensees of the commission  
4 no more than 7,500 barrels of malt beverages produced by the brewery-public house licensee.

5 (3) A brewery-public house licensee, or any person having an interest in the licensee, is a retail  
6 licensee for the purposes of ORS 471.394 and, except as otherwise provided by this section and ORS  
7 471.396, may not acquire or hold any right, title, lien, claim or other interest, financial or otherwise,  
8 in, upon or to the premises, equipment, business or merchandise of any manufacturer or wholesaler,  
9 as defined in ORS 471.392. A brewery-public house licensee, or any person having an interest in the  
10 licensee, is also a manufacturer for the purposes of ORS 471.398 and, except as otherwise provided  
11 by this section and ORS 471.400, may not acquire or hold any right, title, lien, claim or other in-  
12 terest, financial or otherwise, in, upon or to the premises, equipment, business or merchandise of  
13 any other retail licensee, as defined in ORS 471.392.

14 (4) A brewery-public house licensee, or any person having an interest in the licensee, is a retail  
15 licensee for the purposes of ORS 471.398 and, except as otherwise provided by this section and ORS  
16 471.400, may not accept directly or indirectly any financial assistance described in ORS 471.398 from  
17 any manufacturer or wholesaler, as defined in ORS 471.392. A brewery-public house licensee, or any  
18 person having an interest in the licensee, is also a manufacturer for the purposes of ORS 471.398  
19 and, except as otherwise provided by this section and ORS 471.400, may not provide directly or in-  
20 directly any financial assistance described in ORS 471.398 to any retail licensee, as defined in ORS  
21 471.392. The prohibitions on financial assistance in ORS 471.398 do not apply to financial assistance  
22 between manufacturing and retail businesses licensed to the same person under the provisions of  
23 this section.

24 (5) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person  
25 having an interest in the licensee, may also hold a winery license authorized by ORS 471.223. A  
26 brewery-public house licensee, or any person having an interest in the licensee, may also hold a  
27 warehouse license authorized by ORS 471.242.

28 (6) Notwithstanding subsection (3) of this section, a brewery-public house licensee is eligible for  
29 limited on-premises sales licenses and temporary sales licenses.

30 (7)(a) Notwithstanding subsection (3) of this section, and except as provided in this subsection,  
31 a brewery-public house licensee, or any person having an interest in the licensee, may also hold a  
32 full on-premises sales license. If a person holds both a brewery-public house license and a full on-  
33 premises sales license, nothing in this chapter shall prevent the sale by the licensee of both distilled  
34 liquor and malt beverages manufactured under the brewery-public house license.

35 (b) The commission may not issue a full on-premises sales license to a brewery-public house  
36 licensee under the provisions of this subsection if the brewery-public house licensee, or any person  
37 having an interest in the licensee or exercising control over the licensee, is a brewery that brews  
38 more than 200,000 barrels of malt beverages annually or a winery that produces more than 200,000  
39 gallons of wine annually.

40 (8) Notwithstanding any other provision of this chapter, a brewery-public house licensee, or any  
41 person having an interest in the licensee, may also hold a distillery license. No provision of this  
42 chapter prevents a brewery-public house licensee that also holds a distillery license from [*being ap-  
43 pointed by the commission as the distillery's retail outlet agent*] **becoming a distillery liquor store  
44 licensee** for the purpose of selling distilled liquors under ORS 471.230.

45 (9) Notwithstanding subsection (3) of this section, the commission by rule may authorize a

1 brewery-public house licensee to coproduce special events with other manufacturers.

2 (10)(a) Notwithstanding subsection (3) of this section, a brewery-public house licensee may hold,  
3 directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest does  
4 not result in exercise of control over, or participation in the management of, the manufacturer's or  
5 wholesaler's business or business decisions and does not result in exclusion of any competitor's  
6 brand of alcoholic liquor.

7 (b) Notwithstanding subsection (3) of this section, a manufacturer or wholesaler, and any officer,  
8 director or substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly  
9 or indirectly, an interest in a brewery-public house licensee, provided that the interest does not re-  
10 sult in exercise of control over, or participation in the management of, the licensee's business or  
11 business decisions and does not result in exclusion of any competitor's brand of alcoholic liquor.

12 (11) For purposes of ORS chapter 473, a brewery-public house licensee shall be considered to  
13 be a manufacturer.

14 **SECTION 13.** ORS 471.223 is amended to read:

15 471.223. (1) As used in this section, "control" means that the licensee:

16 (a) Owns the brand under which the wine or cider is labeled; or

17 (b) Performs or has the legal right to perform all of the acts common to a brand owner under  
18 the terms of a trademark license or similar agreement that for the brand under which the wine or  
19 cider is labeled has a term of at least three years.

20 (2) A winery license shall allow the licensee:

21 (a) To import wine or cider in containers that have a capacity of more than four liters.

22 (b) To import wine or cider in containers that have a capacity of four liters or less if the brand  
23 of wine or cider is under the control of the licensee.

24 (c) To bottle, produce, blend, store, transport or export wines or cider.

25 (d) To sell wines or cider at wholesale to **licensees of** the Oregon Liquor Control Commission  
26 [*or to licensees of the commission*].

27 (e) To sell wines or cider at retail directly to the consumer for consumption on or off the li-  
28 censed premises.

29 (f) To sell malt beverages at retail for consumption on or off the licensed premises.

30 (g) To sell for consumption off the premises malt beverages, wines and cider in securely covered  
31 containers supplied by the consumer and having capacities of not more than two gallons each.

32 (h) To conduct any activities described in paragraphs (a) to (g) of this subsection at a second  
33 or third premises as may be designated by the commission.

34 (i) To purchase from or through the commission brandy or other distilled liquors for fortifying  
35 wines.

36 (j) To obtain a special events winery license that shall entitle the holder to conduct the activ-  
37 ities allowed under paragraphs (e) to (g) of this subsection at a designated location other than the  
38 one set forth in the winery license for a period not to exceed five days.

39 (3) A winery licensee shall allow a patron to remove a partially consumed bottle of wine from  
40 the licensed premises if the patron is not a minor and the patron is not visibly intoxicated.

41 (4) In order to hold a winery license the licensee shall:

42 (a) Possess at a bonded premises within Oregon a valid producer and blender basic permit issued  
43 by the federal Alcohol and Tobacco Tax and Trade Bureau; or

44 (b) Possess a valid wine blender or valid wholesaler basic permit issued by the federal Alcohol  
45 and Tobacco Tax and Trade Bureau and have a written contract with a winery licensed under par-

1   agraph (a) of this subsection that authorizes the winery to produce for the licensee a brand of wine  
2   or cider that is under the control of the licensee.

3       (5) A winery licensee may sell and ship malt beverages, wine or cider directly to a resident of  
4   this state only if the licensee has a direct shipper permit issued under ORS 471.282.

5       (6)(a) Except as provided in paragraph (b) of this subsection, a winery licensee, or any person  
6   having an interest in the licensee, may also hold a full on-premises sales license. If a winery  
7   licensee, or a person having an interest in the licensee, also holds a full on-premises sales license,  
8   the provisions of this chapter do not prevent the licensee or person from both selling wine or cider  
9   bottled and produced under the winery license and selling alcoholic liquor as authorized under the  
10   full on-premises sales license.

11       (b) The commission may not issue a full on-premises sales license to a winery licensee under the  
12   provisions of this subsection if the winery licensee, or any person having an interest in the licensee  
13   or exercising control over the licensee, is a brewery that brews more than 200,000 barrels of malt  
14   beverages annually.

15       (7) More than one winery licensee may exercise the privileges of a winery license at a single  
16   location. The commission may not refuse to issue a winery license to a person for the production  
17   of wine or cider on specified premises based on the fact that other winery licensees also produce  
18   wine or cider on those premises.

19       (8) If a winery licensee does not possess at a bonded premises within Oregon a valid producer  
20   and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau, the  
21   licensee may exercise the privileges described in this section only for wine and cider brands that  
22   are under the control of the licensee.

23       **SECTION 14.** ORS 471.227 is amended to read:

24       471.227. (1) A grower sales privilege license shall allow the licensee to perform the following  
25   activities only for fruit or grape wine or cider where all of the fruit or grapes used to make the  
26   wine or cider are grown in Oregon under the control of the licensee:

27       (a) To import, store, transport or export such wines or cider.

28       (b) To sell such wines or cider at wholesale to **licensees of** the Oregon Liquor Control Com-  
29   mission [*or licensees of the commission*].

30       (c) To sell such wines or cider at retail directly to the consumer for consumption on or off the  
31   licensed premises.

32       (d) To sell at retail for consumption off the licensed premises malt beverages and such wines  
33   and cider in securely covered containers provided by the consumer and having capacities of not  
34   more than two gallons each.

35       (e) To conduct some or all of the activities allowed under paragraphs (a) to (d) of this subsection  
36   at a second or third premises as may be designated by the commission.

37       (f) To obtain a special events grower sales privilege license which shall entitle the holder to  
38   conduct the activities allowed under paragraphs (c) and (d) of this subsection at a designated lo-  
39   cation other than the one set forth in the grower sales privilege license for a period not to exceed  
40   five days.

41       (2) A grower sales privilege licensee shall allow a patron to remove a partially consumed bottle  
42   of wine from the licensed premises if the patron is not a minor and the patron is not visibly  
43   intoxicated.

44       (3) For purposes of ORS 471.392 to 471.400, a grower sales privilege licensee shall be considered  
45   a manufacturer.

1 (4) A person holding a winery license in another state is not eligible for a license under this  
 2 section.

3 (5) A person licensed under this section is not eligible for a limited on-premises sales license,  
 4 [or] an off-premises sales license **or a liquor store license**.

5 (6) As used in this section, “control” means the grower either owns the land upon which the  
 6 fruit or grapes are grown or has a legal right to perform or does perform all of the acts common  
 7 to fruit farming or viticulture under terms of a lease or similar agreement of at least three years’  
 8 duration.

9 (7) For the purposes of tax reporting, payment and record keeping, the provisions of law that  
 10 shall apply to a manufacturer under ORS chapter 473 shall apply to a grower sales privilege  
 11 licensee, but such a licensee is not a manufacturer for purposes of ORS 473.050 (5).

12 **SECTION 15.** ORS 471.230 is amended to read:

13 471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend,  
 14 denature and store spirits of an alcoholic content greater than 17 percent alcohol by weight, to sell  
 15 the spirits to [*the Oregon Liquor Control Commission*] **a licensed distilled liquor wholesaler for**  
 16 **sale within this state** and to transport the spirits out of this state for sale outside this state.  
 17 Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in  
 18 containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes.  
 19 A distillery licensee may not sell any alcoholic beverage within this state except [*to the commission*  
 20 *or*] as provided in this section. However, any agricultural producer or association of agricultural  
 21 producers or the legal agents of an agricultural producer or association of agricultural producers  
 22 that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl  
 23 and industrial alcohol for use in the arts and industry are not required to obtain a license from the  
 24 **Oregon Liquor Control Commission**.

25 (2) If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal  
 26 Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

27 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-  
 28 factured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of  
 29 the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled li-  
 30 quors, they must be distilled liquors on the list of products approved by the commission for retail  
 31 sale in Oregon [*and must be purchased by the licensee at the retail price established by the*  
 32 *commission*]. This paragraph does not authorize sales by the drink of distilled liquor. The tastings  
 33 may be conducted on the licensed premises of the distillery and at no more than five other premises  
 34 owned or leased by the licensee. The commission may allow more than one distillery licensee to use  
 35 the same premises at the same time for conducting tastings if the premises are a primary production  
 36 location and the licensees share the premises or are owned by the same entity. If the manufacturer  
 37 of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the  
 38 commission, the licensee shall pay the commission a processing fee.

39 (b) Obtain a special events distillery license.

40 (c) [*Apply for appointment by the commission as a distillery retail outlet agent for purposes of re-*  
 41 *tailoring distilled liquor*] **Hold a distillery liquor store license that is limited to selling at retail**  
 42 **at locations where tastings are permitted under paragraph (a) of this subsection or subsection (4)(a)**  
 43 **of this section. A person holding a distillery [*retail outlet agent*] liquor store license may sell at**  
 44 **locations where tastings are allowed under paragraph (a) of this subsection only distilled liquor that**  
 45 **is on the list of products approved by the commission for retail sale in Oregon and is manufactured**

1 in Oregon by the distillery licensee or by another distillery licensee that uses the same premises  
2 as a primary production location or is owned by the same entity as the distillery licensee.

3 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may also hold a full on-premises  
4 sales license for a location at the licensed premises of the distillery and a full on-premises sales li-  
5 cense for one other location. All distilled spirits sold [*under the*] **by the distillery under the**  
6 **distillery liquor store license** or full on-premises sales license must be purchased from [*the com-*  
7 *mission*] **an exclusive or nonexclusive liquor store.**

8 (4) A distillery licensee that holds a special events distillery license may conduct an event on  
9 premises designated in the special events distillery license. Except as provided in this subsection,  
10 a special events distillery license may be valid for a period not exceeding five days. The commission  
11 shall limit the approval of special events distillery licenses for a distillery licensee at the same lo-  
12 cation to not more than 62 days during a calendar year. A distillery licensee conducting a special  
13 event may:

14 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-  
15 factured in Oregon by the distillery licensee. [*Tastings may be of the distilled liquor alone or with*  
16 *a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors*  
17 *on the list of products approved by the commission for retail sale in Oregon and must be purchased*  
18 *by the licensee at the retail price established by the commission. If the manufacturer of the distilled*  
19 *liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee*  
20 *shall pay the commission a processing fee.*]

21 (b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells under this  
22 paragraph must include distilled liquor that the licensee manufactured in Oregon. [*Any distilled li-*  
23 *quor contained in the drink must be on the list of products approved by the commission for retail sale*  
24 *in Oregon. The distillery licensee selling the drink must purchase all distilled liquor contained in the*  
25 *drink at the retail price set by the commission for the month in which the drink is sold.*]

26 (c) If the distillery licensee [*has been appointed as a distillery retail outlet agent under subsection*  
27 *(2)(c) of this section*] **holds a distillery liquor store license that is limited to selling at retail**, sell  
28 distilled liquor in factory-sealed containers for consumption off the licensed premises. [*A distillery*  
29 *retail outlet agent may sell at a location where tastings are allowed under paragraph (a) of this sub-*  
30 *section only distilled liquor that is on the list of products approved by the commission for retail sale*  
31 *in Oregon and is manufactured in Oregon by the distillery licensee. The distillery retail outlet agent*  
32 *must sell the distilled liquor at the retail price set by the commission for the month of sale.*]

33 **SECTION 16.** ORS 471.235 is amended to read:

34 471.235. (1) A wholesale malt beverage and wine license shall allow the importation, storage,  
35 transportation, wholesale sale and distribution **of wine, malt beverages and cider** to licensees of  
36 the Oregon Liquor Control Commission[,] and the export of wine, [*cider and*] malt beverages **and**  
37 **cider**, and the importation and sale to the commission and the export of wine of alcoholic content  
38 in excess of 21 percent alcohol by volume. A wholesale malt beverage and wine licensee may not  
39 sell any alcoholic liquor for consumption upon the licensed premises. However, a wholesale malt  
40 beverage and wine licensee may sell naturally fermented wine or cider in quantities of not less than  
41 four gallons nor more than 55 gallons at any one time to consumers for consumption not on the li-  
42 censed premises. Wholesale malt beverage and wine licensees may sell malt beverages containing  
43 not more than nine percent alcohol by volume in quantities not less than four gallons to any unli-  
44 censed organization, lodge, picnic party or private gathering. The unlicensed organization, lodge,  
45 picnic party or private gathering may not sell the malt beverages. A wholesale malt beverage and

1 wine license shall permit the licensee also to sell malt beverages at wholesale only, to persons  
 2 holding licenses authorizing the persons to resell such beverages at retail. Employees of wholesale  
 3 malt beverage and wine licensees may serve sample tastings of **wine**, malt beverages[,] **and** cider  
 4 [and wine] at alcoholic beverage industry trade shows, seminars and conventions and at alcoholic  
 5 beverage industry sample tastings for employees of retail licensees.

6 (2) Subsection (1) of this section does not prohibit the transportation or wholesale sale or dis-  
 7 tribution of **wine**, malt beverage or [wine] **cider** by a wholesale malt beverage and wine licensee to  
 8 any alcoholic treatment center licensed by the Oregon Health Authority.

9 (3) A wholesale malt beverage and wine licensee may impose an additional handling fee on any  
 10 wine sold to any retailer in this state if the quantity of wine sold to the retailer is less than the  
 11 smallest multiple-package case available to be sold and the handling fee is uniform for all licensees.

12 **SECTION 17.** ORS 471.251 is amended to read:

13 471.251. The Oregon Liquor Control Commission may issue a manufacturer or other person a  
 14 certificate of approval authorizing the import of distilled liquor manufactured by a distillery not li-  
 15 censed under ORS 471.230. The commission may establish by rule:

16 (1) The conditions under which a manufacturer or other person may qualify for a certificate of  
 17 approval;

18 (2) The products covered by the certificate of approval;

19 (3) Any conditions or limitations placed on imports under the certificate of approval; [and]

20 (4) The grounds for suspension or revocation of a certificate of approval[.]; **and**

21 **(5) Requirements for reporting distilled liquor sales by the manufacturer to distilled li-**  
 22 **quor wholesalers in this state.**

23 **SECTION 18.** ORS 471.292 is amended to read:

24 471.292. (1) A license granted under the Liquor Control Act [*or the Oregon Distilled Liquor*  
 25 *Control Act*] shall:

26 (a) Be a purely personal privilege.

27 (b) Be valid for the period stated in the license.

28 (c) Be renewable in the manner provided in ORS 471.311, except for a cause which would be  
 29 grounds for refusal to issue such license under ORS 471.313.

30 (d) Be revocable or suspendible as provided in ORS 471.315.

31 (e) Be transferable from the place for which the license was originally issued to another location  
 32 subject to the provisions of the Liquor Control Act, [*the Oregon Distilled Liquor Control Act,*] any  
 33 rules of the Oregon Liquor Control Commission and any municipal ordinance or local regulation.

34 (f) Cease upon the death of the licensee, except as provided in subsection (2) of this section.

35 (g) Not constitute property.

36 (h) Not be alienable.

37 (i) Not be subject to attachment or execution.

38 (j) Not descend by the laws of testate or intestate devolution.

39 (2) The commission may, by order, provide for the manner and conditions under which:

40 (a) Alcoholic liquors left by any deceased, insolvent or bankrupt person or licensee, or subject  
 41 to a security interest, may be foreclosed, sold under execution or otherwise disposed of.

42 (b) The business of any deceased, insolvent or bankrupt licensee may be operated for a reason-  
 43 able period following the death, insolvency or bankruptcy.

44 (c) A business licensed pursuant to this chapter subject to a security interest may be continued  
 45 in business by a secured party as defined in ORS 79.0102 for a reasonable period after default on



1 the indebtedness by the debtor.

2 (d) A license granted under this chapter may be transferred from the place for which the license  
3 was originally issued to another location.

4 **(3) Notwithstanding subsection (1)(c) of this section, the renewal of an exclusive or non-**  
5 **exclusive liquor store license is also subject to the proposal process and preferences de-**  
6 **scribed in section 3 of this 2016 Act.**

7 **SECTION 19.** ORS 471.294 is amended to read:

8 471.294. (1) Except as otherwise provided in this section, all licenses under this chapter and  
9 renewals thereof shall be issued for a period of one year which shall expire at 12 midnight on March  
10 31, June 30, September 30 or December 31 of each year.

11 (2) Notwithstanding subsection (1) of this section, a license issued for the first time to an ap-  
12 plicant may be issued for less than a year. The fee for a license issued for less than a year under  
13 this subsection is the annual license fee prescribed by ORS 471.311.

14 (3) The term of a temporary letter of authority or license issued under ORS 471.302 or any  
15 temporary sales license is the period fixed by the Oregon Liquor Control Commission when the let-  
16 ter or license is issued.

17 **(4) A wholesale distilled liquor license has the length of term established in section 2 of**  
18 **this 2016 Act.**

19 **(5) An exclusive or nonexclusive liquor store license has the length of term established**  
20 **in section 3 of this 2016 Act.**

21 **SECTION 20.** ORS 471.311 is amended to read:

22 471.311. (1) Any person desiring a license or renewal of a license under this chapter shall make  
23 application to the Oregon Liquor Control Commission upon forms to be furnished by the commission  
24 showing the name and address of the applicant, location of the place of business that is to be op-  
25 erated under the license, and such other pertinent information as the commission may require. No  
26 license shall be granted or renewed until the applicant has complied with the provisions of this  
27 chapter and the rules of the commission.

28 (2) The commission may reject any application that is not submitted in the form required by  
29 rule. The commission shall give applicants an opportunity to be heard if an application is rejected.  
30 A hearing under this subsection is not subject to the requirements for contested case proceedings  
31 under ORS chapter 183.

32 (3) The commission shall charge an application fee, not to exceed \$150, to process an application  
33 for the issuance of a new license under this chapter or a license following a change in ownership.  
34 The application fee applies only to an application for a class of license having an annual license fee.  
35 The application fee is nonrefundable, except that the commission shall refund the fee if the applicant  
36 completes, submits and maintains an application and the commission does not, on or before 75 days  
37 following receipt of the completed application, propose that the license be granted, granted with  
38 conditions or refused. The commission shall adopt rules to:

39 (a) Establish application fees by class of license; and

40 (b) Define a completed application for purposes of this subsection.

41 (4) Subject to subsection (5) of this section, the commission shall assess a nonrefundable fee for  
42 processing a renewal application for any license authorized by this chapter only if the renewal ap-  
43 plication is received by the commission less than 20 days before expiration of the license. If the  
44 renewal application is received prior to expiration of the license but less than 20 days prior to ex-  
45 piration, this fee shall be 25 percent of the annual license fee. If a renewal application is received

1 by the commission after expiration of the license but no more than 30 days after expiration, this fee  
 2 shall be 40 percent of the annual license fee. This subsection does not apply to a certificate of ap-  
 3 proval, a brewery-public house license or any license that is issued for a period of less than 30 days.

4 (5) The commission may waive the fee imposed under subsection (4) of this section if it finds that  
 5 failure to submit a timely application was due to unforeseen circumstances or to a delay in pro-  
 6 cessing the application by the local governing authority that is no fault of the licensee.

7 (6) The license fee is nonrefundable and shall be paid by each applicant upon the granting or  
 8 committing of a license. Subject to ORS 471.155 and 473.065, the annual or daily license fee and the  
 9 minimum bond required of each class of license under this chapter are as follows:

---

License	Fee	Minimum Bond
Brewery, including Certificate		
of Approval	\$ 500	\$ 1,000
Winery	\$ 250	\$ 1,000
Distillery	\$ 100	None
Wholesale Malt Beverage		
and Wine	\$ 275	\$ 1,000
Warehouse	\$ 100	\$ 1,000
<b>Wholesale Distilled Liquor</b>	_____	_____
<b>Distillery Liquor Store</b>	_____	_____
Special events winery		
license	\$ 10 per day	
Brewery-Public House,		
including Certificate		
of Approval	\$ 250	\$ 1,000
Limited On-Premises Sales	\$ 200	None
Off-Premises Sales	\$ 100	None
Temporary Sales	\$ 50 per day	
Grower sales privilege		
license	\$ 250	\$ 1,000
Special events grower		
sales privilege		
license	\$ 10 per day	
Special events		
brewery-public house		
license	\$ 10 per day	
Special events		
distillery		
license	\$ 10 per day	

---

44 (7) The fee for a certificate of approval or special certificate of approval granted under ORS  
 45 471.244 is nonrefundable and must be paid by each applicant upon the granting or committing of a

1 certificate of approval or special certificate of approval. No bond is required for the granting of a  
 2 certificate of approval or special certificate of approval. Certificates of approval are valid for a pe-  
 3 riod commencing on the date of issuance and ending on December 31 of the fifth calendar year fol-  
 4 lowing the calendar year of issuance. The fee for a certificate of approval is \$175. Special  
 5 certificates of approval are valid for a period of 30 days. The fee for a special certificate of approval  
 6 is \$10.

7 (8) Except as provided in subsection (9) of this section, the annual license fee for a full on-  
 8 premises sales license is \$400. No bond is required for any full on-premises sales license.

9 (9) The annual license fee for a full on-premises sales license held by a nonprofit private club  
 10 as described in ORS 471.175 [(8)] (7), or held by a nonprofit or charitable organization that is reg-  
 11 istered with the state, is \$200.

12 (10) The annual fee for a wine self-distribution permit is \$100, and the minimum bond is \$1,000.

13 **SECTION 21.** ORS 471.327 is amended to read:

14 471.327. (1) The Oregon Liquor Control Commission, in suspending any brewery license, [*whole-*  
 15 *sale wine license,*] **wholesale malt beverage and wine license, wholesale distilled liquor license or**  
 16 **liquor store license,** or certificate of approval, may further impose against the licensee or the  
 17 holder of the certificate of approval a civil penalty not to exceed \$5,000, or, in its discretion, may  
 18 impose such civil penalty without suspending the license or the certificate of approval.

19 (2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

20 **SECTION 22.** ORS 471.341 is amended to read:

21 471.341. (1) An employee of an off-premises sales licensee **or of a liquor store** who has been  
 22 found by the Oregon Liquor Control Commission to have sold alcoholic beverages to a minor, or to  
 23 have failed to properly verify identification of a person who purchased alcoholic beverages, must  
 24 attend a clerk training course approved by the commission as a condition of making sales of alco-  
 25 holic beverages to members of the public under an off-premises sales license **or liquor store**  
 26 **license.**

27 (2) The commission shall by rule establish times for employees to complete a required clerk  
 28 training course under this section. An employee required to complete a clerk training course under  
 29 this section may continue to make sales of alcoholic beverages to members of the public until taking  
 30 such training, but may not make any sales of alcoholic beverages after the expiration of the time  
 31 allowed by commission rule if the employee has not completed the training before the expiration of  
 32 that time.

33 (3) Except as provided in subsection (2) of this section, the holder of an off-premises sales license  
 34 **or liquor store license** may not allow an employee who has been found by the Oregon Liquor  
 35 Control Commission to have sold alcoholic beverages to a minor, or to have failed to properly verify  
 36 identification of a person who purchased alcoholic beverages, to sell alcoholic beverages under the  
 37 license unless the employee completes a clerk training course as required by this section.

38 (4) The Oregon Liquor Control Commission, as part of the Alcohol Education Program estab-  
 39 lished under ORS 471.541, shall approve all clerk training courses offered for the purpose of this  
 40 section. The holder of an off-premises sales license **or liquor store license** may establish a clerk  
 41 training course for employees of the licensee, but the course must be approved by the commission  
 42 to meet the requirements of this section. Clerk training courses approved under this section must  
 43 address at least the following topics:

- 44 (a) The importance of not selling alcoholic beverages to minors and visibly intoxicated persons.
- 45 (b) Guidelines for recognizing minors and visibly intoxicated persons.

1 (c) Guidelines for checking and verifying identification, and for recognizing false or altered  
2 identification.

3 (d) Recommended approaches for refusing sales of alcoholic beverages to minors and visibly  
4 intoxicated persons.

5 (5) If an employee of an off-premises sales licensee **or of a liquor store** is found to have sold  
6 alcoholic beverages to a minor, or to have failed to properly verify identification of a person who  
7 purchased alcoholic beverages, the commission shall notify the licensee that the employee must  
8 complete a clerk training course approved under this section and may not sell alcoholic beverages  
9 to members of the public after the time established by the commission unless the employee completes  
10 the training within the time allowed. If the off-premises sales licensee **or liquor store licensee** of-  
11 fers a clerk training course to new employees, and the employee has previously completed that  
12 course, the requirements of this section may be met by retaking the clerk training course if the  
13 course has been approved by the commission for the purposes of this section.

14 (6) Upon completion of a clerk training course by an employee of an off-premises sales licensee  
15 **or of a liquor store** pursuant to the requirements of this section, the off-premises sales licensee  
16 **or liquor store licensee** that employs the person must notify the commission in writing that the  
17 employee has successfully completed the training. The notification must include the name and ad-  
18 dress of the employee, the name of the clerk training course attended by the employee, and the date  
19 or dates on which the course was attended. The notification shall be kept by the commission in the  
20 licensee's file.

21 (7) The commission shall assess and collect a fee not to exceed \$13 from each person required  
22 to attend a clerk training course under this section. Amounts collected under this section shall be  
23 used for the administrative expenses incurred by the commission in the performance of the  
24 commission's duties under the Alcohol Education Program.

25 (8) In addition to any other penalty provided for by law, the commission may impose a civil  
26 penalty against any employee of an off-premises sales licensee **or of a liquor store** who sells alco-  
27 holic beverages to members of the public and who is prohibited from making those sales under this  
28 section. A civil penalty under this subsection may not exceed \$500. Civil penalties under this sub-  
29 section shall be imposed by the commission in the manner provided by ORS 183.745.

30 **SECTION 23.** ORS 471.346 is amended to read:

31 471.346. (1) The Oregon Liquor Control Commission shall by rule develop uniform standards for  
32 minor decoy operations used to investigate licensees [*and agents operating stores on behalf of the*  
33 *commission under ORS 471.750*] for violations of the laws of this state prohibiting sales of alcoholic  
34 beverages to minors. Uniform standards established by the commission under this section apply to  
35 all investigations conducted by the commission that use minor decoys. The commission shall en-  
36 courage all law enforcement agencies of this state to use the uniform standards established under  
37 this section for minor decoy operations conducted by the law enforcement agencies.

38 (2) To the greatest extent possible, the uniform standards established by the commission under  
39 this section:

40 (a) Shall be the same for minor decoy operations conducted by the commission and for minor  
41 decoy operations conducted by law enforcement agencies of this state; and

42 (b) Shall provide for coordination between the commission and law enforcement agencies of this  
43 state in conducting minor decoy operations.

44 (3) The uniform standards established by the commission under this section shall provide that  
45 minor decoy operations must be conducted on either a random or a targeted basis in cities with

1 populations of 20,000 or more. Random minor decoy operations shall cover a range of retail outlets.  
 2 Targeted minor decoy operations may be conducted for a single licensee [*or agent*], but may be used  
 3 only if there is a documented compliance problem with the specific licensee [*or agent*] that is the  
 4 target of the operation. For the purpose of implementing standards for random minor decoy oper-  
 5 ations under this subsection, the commission shall by rule adopt a methodology that produces, to the  
 6 greatest extent possible, an equal chance that any licensee [*or agent*] will be subject to a minor  
 7 decoy operation.

8 (4) Except as provided in subsection (5) of this section, the failure of the commission or of a law  
 9 enforcement agency to follow uniform standards established by the commission under this section  
 10 is not grounds for challenging any complaint, citation or conviction for violation of the laws pro-  
 11 hibiting the sale of alcoholic beverages to minors.

12 (5) In determining whether to impose sanctions based on multiple violations of the laws of this  
 13 state prohibiting sales of alcoholic beverages to minors, the commission may not consider any com-  
 14 plaint filed against a licensee for selling alcoholic beverages to a minor, citation issued to a licensee  
 15 for selling alcoholic beverages to a minor or conviction of a licensee for selling alcoholic beverages  
 16 to a minor if the complaint, citation or conviction arose out of a minor decoy operation that was  
 17 not conducted pursuant to the uniform standards established by the commission under this section.

18 (6) Notwithstanding any other provision of this chapter, the commission may not consider any  
 19 sale of alcoholic beverages to a minor that results from a minor decoy operation that is not con-  
 20 ducted in compliance with the standards established under this section for the purpose of imposing  
 21 any civil penalty against a licensee, making a decision on the renewal, suspension or cancellation  
 22 of a license issued under this chapter or otherwise sanctioning a licensee for the sale of alcoholic  
 23 beverages to a minor.

24 (7) The commission shall give notice of the uniform standards established under this section to  
 25 all law enforcement agencies of this state that conduct minor decoy operations.

26 **SECTION 24.** ORS 471.392 is amended to read:

27 471.392. For the purposes of ORS 471.392 to 471.400:

28 (1) “Manufacturer or wholesaler” means:

29 (a) A person holding a brewery license issued under ORS 471.220, a winery license issued under  
 30 ORS 471.223, a grower sales privilege license issued under ORS 471.227, a distillery license issued  
 31 under ORS 471.230, a wholesale malt beverage and wine license issued under ORS 471.235, **a**  
 32 **wholesale distilled liquor license issued under section 2 of this 2016 Act** or a warehouse license  
 33 issued under ORS 471.242.

34 (b) Any manufacturer of alcoholic liquors whose products are sold in [*the State of Oregon*] **this**  
 35 **state**.

36 (2) “Retail licensee” means the holder of a full or limited on-premises sales license, an off-  
 37 premises sales license, **a liquor store license** or a temporary sales license. “Retail licensee” does  
 38 not include a bona fide trade association that represents retail licensees and that is open to all  
 39 persons licensed under at least one type of retail license.

40 **SECTION 25.** ORS 471.396 is amended to read:

41 471.396. (1) The prohibitions of ORS 471.394 (1) do not apply to persons holding winery licenses,  
 42 grower sales privilege licenses, brewery-public house licenses, distillery licenses or brewery licenses,  
 43 to the extent that retail sales are authorized by the statutes establishing the privileges of each li-  
 44 cense. **ORS 471.394 (1) does not apply to persons holding a liquor store license.**

45 (2)(a) The prohibitions of ORS 471.394 (2) and (3) do not apply to a person who wholesales al-

1   coholic liquor and who is not required to be licensed under the provisions of this chapter if the re-  
2   tail licensee does not sell any brand of alcoholic liquor sold or distributed by the person and does  
3   not sell any brand of alcoholic liquor produced by any manufacturer doing business with the person  
4   selling at wholesale.

5       (b) The prohibitions of ORS 471.394 (2) and (3) do not apply to a manufacturer of alcoholic liquor  
6   if the retail licensee does not sell any brand of alcoholic liquor sold, distributed or produced by the  
7   manufacturer and does not sell any brand of alcoholic liquor sold, distributed or produced by any  
8   subsidiary or other business entity that the manufacturer owns or manages, or that the manufac-  
9   turer exercises control over.

10       (3) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of  
11   a spouse or family member to a manufacturer or wholesaler if:

12       (a) The manufacturer or wholesaler is licensed by the Oregon Liquor Control Commission to sell  
13   alcoholic liquor at wholesale;

14       (b) The license authorizing sale of alcoholic liquor at wholesale was first issued before January  
15   1, 1965, and has been held continuously since that date;

16       (c) The spouse or family member holds or seeks a license that authorizes the retail sale of al-  
17   coholic liquor for off-premises consumption only; and

18       (d) The manufacturer or wholesaler does not directly or indirectly sell alcoholic liquor to the  
19   spouse or family member.

20       (4) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of  
21   a spouse or family member to the retail licensee if the manufacturer or wholesaler is licensed by the  
22   commission to sell alcoholic liquor at wholesale and does not directly or indirectly sell alcoholic  
23   liquor to the spouse or family member.

24       (5) Notwithstanding ORS 471.394, a manufacturer or wholesaler, and any officer, director or  
25   substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly or indi-  
26   rectly, an interest in a full or limited on-premises sales licensee, provided that the interest does not  
27   result in exercise of control over, or participation in the management of, the licensee's business or  
28   business decisions, and does not result in exclusion of any competitor's brand of alcoholic liquor.

29       (6) Notwithstanding ORS 471.394, a full or limited on-premises sales licensee, and any officer,  
30   director or substantial stockholder of any corporate full or limited on-premises sales licensee, may  
31   hold, directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest  
32   does not result in exercise of control over, or participation in the management of, the  
33   manufacturer's or wholesaler's business or business decisions, and does not result in exclusion of  
34   any competitor's brand of alcoholic liquor.

35       (7) Notwithstanding ORS 471.394, an institutional investor with a financial interest in a whole-  
36   saler or manufacturer may hold, directly or indirectly, an interest in a retail licensee unless the  
37   institutional investor controls, is controlled by, or is under common control with, a wholesaler or  
38   manufacturer. Notwithstanding ORS 471.394, an institutional investor with a financial interest in  
39   a retail licensee may hold, directly or indirectly, an interest in a wholesaler or manufacturer unless  
40   the institutional investor controls, is controlled by, or is under common control with, a retail  
41   licensee. The provisions of this subsection apply only to an institutional investor that is a state or  
42   federally chartered bank, a state or federally chartered mutual savings bank, a mutual fund or  
43   pension fund, or a private investment firm. The principal business activity of the institutional in-  
44   vestor must be the investment of capital provided by depositors, participants or investors. The in-  
45   stitutional investor must maintain a diversified portfolio of investments. The majority of the

1 institutional investor's investments may not be in businesses that manufacture, distribute or other-  
 2 wise sell alcoholic beverages. The institutional investor, and the officers, directors, substantial  
 3 shareholders, partners, employees and agents of the institutional investor, may not participate in  
 4 management decisions relating to the sale or purchase of alcoholic beverages made by a licensee in  
 5 which the institutional investor holds an interest.

6 (8) Notwithstanding ORS 471.394, a member of the board of directors of a parent company of a  
 7 corporation that is a manufacturer may serve on the board of directors of a parent company of a  
 8 corporation that is a retail licensee if:

9 (a) The manufacturer or parent company of a manufacturer is listed on a national security ex-  
 10 change;

11 (b) All purchases of alcoholic beverages by the retail licensee are made from holders of whole-  
 12 sale malt beverage and wine licenses, brewery licenses or winery licenses in this state;

13 (c) The interest of the member of the board of directors does not result in the exclusion of any  
 14 competitor's brand of alcoholic beverages on the licensed premises of the retail licensee; and

15 (d) The sale of goods and services other than alcoholic beverages by the retail licensee exceeds  
 16 50 percent of the gross receipts of the business conducted by the retail licensee on the licensed  
 17 premises.

18 **SECTION 26.** ORS 471.404 is amended to read:

19 471.404. (1) Alcoholic liquor may not be imported into this state by any person other than a  
 20 holder of a brewery, winery, distillery or wholesaler's license, except as *[follows:]* **provided in this**  
 21 **section or ORS 471.405. The following may be imported without a license:**

22 (a) Alcoholic liquor *[ordered by and en route to the Oregon Liquor Control Commission,]* **im-**  
 23 **ported** under a certificate of approval issued by the **Oregon Liquor Control Commission under**  
 24 **ORS 471.251.**

25 (b) Wines for sacramental purposes according to rules adopted by the commission.

26 (c) Alcoholic liquor that is in transit on a common carrier to a destination outside Oregon.

27 (d) Alcoholic liquor coming into Oregon on a common carrier according to orders placed by a  
 28 licensed brewery, winery or wholesaler.

29 *[(e) Grain and ethyl alcohol for scientific, pharmaceutical, manufacturing, mechanical or industrial*  
 30 *use, under a certificate of approval issued by the commission.]*

31 *[(f)]* (e) Wine or cider that is sold and transported by the holder of a wine self-distribution per-  
 32 mit to a retail licensee that has the endorsement described in ORS 471.274 (5).

33 *[(g)]* (f) Malt beverages, wine or cider shipped directly to a resident of this state under a direct  
 34 shipper permit issued pursuant to ORS 471.282.

35 (2) The commission may require importers of alcoholic liquor to pay a reasonable *[handling]*  
 36 **oversight** fee based on the quantity and type of alcoholic liquor being imported.

37 **SECTION 27.** ORS 471.405 is amended to read:

38 471.405. (1) No person shall peddle or deliver alcoholic beverages to or at any place, where,  
 39 without a license, alcoholic beverages are sold or offered for sale. No licensee shall sell or offer for  
 40 sale any alcoholic beverage in a manner, or to a person, other than the license permits the licensee  
 41 to sell.

42 (2) No person shall purchase, possess, transport or import, except for sacramental purposes, an  
 43 alcoholic beverage *[unless it is procured from or through the Oregon Liquor Control Commission, ex-*  
 44 *cept as provided otherwise in the Liquor Control Act.]* **except as provided under this chapter.**

45 (3) No person not licensed under the Liquor Control Act shall sell, solicit, take orders for or

1 peddle alcoholic beverages.

2 (4) Notwithstanding the provisions of subsection (2) of this section, an individual entering [*the*]  
 3 **this** state may have in possession an amount not to exceed four liters (135.2 fluid ounces) of distilled  
 4 liquor, two cases of wine or cider (620 fluid ounces) and two cases of malt beverages (576 fluid  
 5 ounces). These quantities of alcoholic beverages are exempt from fees **or taxes** collected by the  
 6 **Oregon Liquor Control** Commission.

7 (5) Upon conviction for unlawfully purchasing or importing alcoholic beverages into this state,  
 8 the person convicted shall forfeit to the commission the alcoholic beverage so purchased or im-  
 9 ported. The commission shall thereupon seize the forfeited beverage and it shall then become the  
 10 commission's property.

11 **SECTION 28.** ORS 471.410 is amended to read:

12 471.410. (1) A person may not sell, give or otherwise make available any alcoholic liquor to any  
 13 person who is visibly intoxicated.

14 (2) No one other than the person's parent or guardian may sell, give or otherwise make available  
 15 any alcoholic liquor to a person under the age of 21 years. A parent or guardian may give or oth-  
 16 erwise make alcoholic liquor available to a person under the age of 21 years only if the person is  
 17 in a private residence and is accompanied by the parent or guardian. A person violates this sub-  
 18 section who sells, gives or otherwise makes available alcoholic liquor to a person with the knowl-  
 19 edge that the person to whom the liquor is made available will violate this subsection.

20 (3)(a) A person who exercises control over private real property may not knowingly allow any  
 21 other person under the age of 21 years who is not a child or minor ward of the person to consume  
 22 alcoholic liquor on the property, or allow any other person under the age of 21 years who is not a  
 23 child or minor ward of the person to remain on the property if the person under the age of 21 years  
 24 consumes alcoholic liquor on the property.

25 (b) This subsection:

26 (A) Applies only to a person who is present and in control of the location at the time the con-  
 27 sumption occurs;

28 (B) Does not apply to the owner of rental property, or the agent of an owner of rental property,  
 29 unless the consumption occurs in the individual unit in which the owner or agent resides; and

30 (C) Does not apply to a person who exercises control over a private residence if the liquor  
 31 consumed by the person under the age of 21 years is supplied only by an accompanying parent or  
 32 guardian.

33 (4) This section does not apply to sacramental wine given or provided as part of a religious rite  
 34 or service.

35 (5) Except as provided in subsections (6) and (7) of this section, a person who violates subsection  
 36 (1) or (2) of this section commits a Class A misdemeanor. Upon violation of subsection (2) of this  
 37 section, the court shall impose at least a mandatory minimum sentence as follows:

38 (a) Upon a first conviction, a fine of at least \$500.

39 (b) Upon a second conviction, a fine of at least \$1,000.

40 (c) Upon a third or subsequent conviction, a fine of at least \$1,500 and not less than 30 days  
 41 of imprisonment.

42 (6)(a) A person who violates subsection (2) of this section is subject to the provisions of this  
 43 subsection if the person does not act knowingly or intentionally and:

44 (A) Is licensed [*or appointed*] under this chapter; or

45 (B) Is an employee of a person licensed [*or appointed*] under this chapter and holds a valid ser-



1 vice permit or has attended a program approved by the Oregon Liquor Control Commission that  
 2 provides training to avoid violations of this section.

3 (b) For a person described in paragraph (a) of this subsection:

4 (A) A first conviction is a Class A violation.

5 (B) A second conviction is a specific fine violation, and the presumptive fine for the violation  
 6 is \$860.

7 (C) A third conviction is a Class A misdemeanor. The court shall impose a mandatory fine of  
 8 not less than \$1,000.

9 (D) A fourth or subsequent conviction is a Class A misdemeanor. The court shall impose a  
 10 mandatory fine of not less than \$1,000 and a mandatory sentence of not less than 30 days of  
 11 imprisonment.

12 (7) For an employee of an off-premises sales licensee who violates subsection (2) of this section  
 13 while operating a checkout device and does not act knowingly or intentionally, a first conviction is  
 14 a Class A violation.

15 (8) The court may waive an amount that is at least \$200 but not more than one-third of the fine  
 16 imposed under subsection (5) of this section, if the violator performs at least 30 hours of community  
 17 service.

18 (9) Except as provided in subsection (8) of this section, the court may not waive or suspend  
 19 imposition or execution of the mandatory minimum sentence required by subsection (5) or (6) of this  
 20 section. In addition to the mandatory sentence, the court may require the violator to make  
 21 restitution for any damages to property where the alcoholic liquor was illegally consumed or may  
 22 require participation in volunteer service to a community service agency.

23 (10)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection  
 24 (3) of this section commits a Class A violation.

25 (b) A second or subsequent violation of subsection (3) of this section is a specific fine violation,  
 26 and the presumptive fine for the violation is \$1,000.

27 (11) Nothing in this section prohibits any licensee under this chapter from allowing a person  
 28 who is visibly intoxicated from remaining on the licensed premises so long as the person is not sold  
 29 or served any alcoholic liquor.

30 **SECTION 28a.** ORS 471.446 is amended to read:

31 471.446. (1) No retail licensee shall purchase any wine or cider for resale except in sealed con-  
 32 tainers, the seals of which shall remain unbroken when it is sold for consumption off the premises.

33 (2) The Oregon Liquor Control Commission [*may refuse to sell, or*] may prohibit any licensee  
 34 from selling[,] any brand of alcoholic liquor [*which*] **that** in its judgment is deceptively labeled or  
 35 branded as to content, or contains injurious or adulterated ingredients.

36 **SECTION 28b.** ORS 471.473 is amended to read:

37 471.473. (1) A person appointed to operate a store established by the Oregon Liquor Control  
 38 Commission [*under ORS 471.750*] **prior to the operative date specified in section 46 of this 2016**  
 39 **Act** qualifies for the payment of business loss compensation under this section if:

40 (a) The system for selling containers of distilled liquor at retail in this state changes after the  
 41 person assumes operation of the store; and

42 (b) The system change results from a law that prohibits the commission from purchasing or  
 43 selling distilled liquor.

44 (2) The purpose of business loss compensation is to offset the actual or presumed sales reduction  
 45 and actual or perceived devaluation of a liquor store business following a system change described

1 in subsection (1) of this section. The commission shall pay a person qualifying under this section  
 2 business loss compensation equal to four percent of the average annual gross distilled liquor sales  
 3 made by the store during the five years that preceded the system change, whether or not the person  
 4 was the store operator during the entire five-year period. If the store has operated less than five  
 5 years prior to the system change, the commission shall pay compensation equal to four percent of  
 6 the average annual gross distilled liquor sales made by the store prior to the system change.

7 (3)(a) The commission shall pay any business loss compensation due under this section from the  
 8 suspense account described in ORS 471.805. Except as otherwise required by federal or state law  
 9 or by contract, the commission shall give the payment of business loss compensation priority over  
 10 the payment of other debts from the suspense account.

11 (b) Notwithstanding ORS 279A.250 to 279A.290 or the revolving fund balance limit established  
 12 in ORS 471.805, if a change in the system for selling containers of distilled liquor at retail in this  
 13 state results in business loss compensation being payable under this section, and the commission  
 14 declares within five years after the system change that a warehouse established by the commission  
 15 [under ORS 471.750] **prior to the operative date specified in section 46 of this 2016 Act** or the  
 16 inventory of the commission is surplus property, the net proceeds from sale of the warehouse or  
 17 inventory remaining after deduction of sales costs shall be deposited to the suspense account de-  
 18 scribed in ORS 471.805. All moneys deposited under this paragraph shall be kept in a subaccount  
 19 within the suspense account that indicates the source of the moneys. Notwithstanding ORS 471.805,  
 20 moneys deposited to the suspense account under this paragraph may not be transferred to the  
 21 Oregon Liquor Control Commission Account if any business loss compensation is owed and remains  
 22 unpaid. This paragraph does not restrict the source for paying business loss compensation from the  
 23 suspense account or alter the priority of business loss compensation payment established in para-  
 24 graph (a) of this subsection.

25 (4) If a person that receives business loss compensation under this section brings any action  
 26 against the commission for damages resulting from a change in the system for selling containers of  
 27 distilled liquor at retail in this state, the business loss compensation received by the person as a  
 28 result of that system change shall be an offset against any damages awarded the person in the  
 29 action. This subsection does not create any new cause of action.

30 (5) Business loss compensation received by a person under this section does not affect the  
 31 claiming of any tax deduction by the person for depreciation of equipment, fixtures or other property  
 32 improvements, but is ordinary business income of the person, taxable as provided by law.

33 **SECTION 29.** ORS 471.710 is amended to read:

34 471.710. (1) The Governor may remove any commissioner for inefficiency, neglect of duty, or  
 35 misconduct in office, giving to the commissioner a copy of the charges made and an opportunity of  
 36 being publicly heard in person or by counsel, in the commissioner's own defense, upon not less than  
 37 10 days' notice. If such commissioner is removed, the Governor shall file in the office of the Secre-  
 38 tary of State a complete statement of all charges made against such commissioner, the findings  
 39 thereon, and a complete record of the proceedings.

40 (2) No person, other than the member appointed in accordance with ORS 471.705 who is desig-  
 41 nated from the food and alcoholic beverage retail industry, is eligible to hold the office of commis-  
 42 sioner, or to be employed by the Oregon Liquor Control Commission if:

43 (a) The person has any financial interest in any business licensed by the commission or in any  
 44 business [which] **that** manufactures alcoholic beverages sold in [Oregon] **this state**;

45 (b) Anyone in the person's household or immediate family has a financial interest described in

1 paragraph (a) of this subsection;

2 (c) Anyone in the person’s household or immediate family is employed by a business licensed by  
 3 the commission, unless the person is not in a position to take action or make decisions *[which]* **that**  
 4 could affect the licensed business; or

5 (d) The person or anyone in the person’s household or immediate family has a business con-  
 6 nection with any business licensed by the commission, unless the person is not in a position to take  
 7 action or make decisions *[which]* **that** could affect the licensed business.

8 (3)*[(a) A retail sales agent appointed by the commission,]* **Except as provided in ORS 471.230,**  
 9 **a liquor store licensee** or a person in the household or immediate family of a *[retail sales agent]*  
 10 **liquor store licensee**, may not have any financial interest in or business connection with:

11 [(A)] (a) A person or business that is licensed as a distillery;

12 [(B)] (b) A person or business that holds a full on-premises sales license; *[or]*

13 [(C)] (c) A distillery whose products are sold in *[Oregon]* **this state; or**

14 **(d) A person or business that holds a wholesale distilled liquor license.**

15 *[(b) Paragraph (a) of this subsection does not apply to a distillery retail outlet agent appointed by*  
 16 *the commission under ORS 471.230.]*

17 (4) Nothing in this section prohibits a person from having a financial interest resulting from  
 18 investments made by the Public Employees Retirement System or through mutual funds, blind trusts  
 19 or similar investments where the person does not exercise control over the nature, amount or timing  
 20 of the investment.

21 (5) The commission by rule may establish additional restrictions to prohibit potential conflicts  
 22 of interest. The commission by rule shall define “immediate family” and “business connection” as  
 23 used in this section.

24 **SECTION 30.** ORS 471.725 is amended to read:

25 471.725. The function, duties and powers of the Oregon Liquor Control Commission include the  
 26 following:

27 [(1) *To buy, have in its possession, bottle, blend, rectify, transport and sell, for present or future*  
 28 *delivery, in its own name, alcoholic liquor in the manner set forth in this chapter.]*

29 [(2)] (1) To purchase, acquire, rent, lease or occupy any building, rooms, stores or land and ac-  
 30 quire, own, lease and sell equipment and fixtures required for its operations.

31 [(3)] (2) To lease or sublet to others property *[which it]* **that the commission** acquires or owns  
 32 and *[which]* **that** is not immediately required for *[its operations]* **use by the commission.** However,  
 33 no real property *[shall]* **may** be purchased without the consent and approval of the Governor.

34 [(4)] (3) To borrow money, guarantee the payment *[thereof]* **of money** and of the interest  
 35 *[thereon]* **on money**, by the transfer or pledge of goods or in any other manner required or permitted  
 36 by law.

37 [(5)] (4) To issue, sign, indorse and accept checks, promissory notes, bills of exchange and other  
 38 negotiable instruments.

39 [(6)] (5) *[In the event]* **If** the United States Government provides any plan or method whereby the  
 40 **federal** taxes upon alcoholic liquors are collected at the source, to enter into any and all contracts  
 41 and comply with all **federal laws and** regulations, even to the extent of partially or wholly  
 42 abrogating any statutory provisions *[which]* **that** might be in conflict with federal law or regu-  
 43 lations, to the end that the commission receives the portion *[thereof]* **of federal taxes** allocated to  
 44 this state, to be distributed as provided by statute.

45 [(7)] (6) To secure and pay for such policies of insurance as may be necessary to adequately

1 protect *[it]* **the commission** from loss by fire, theft or other casualty.

2 **SECTION 31.** ORS 471.740 is amended to read:

3 471.740. Except as provided in this chapter, the Oregon Liquor Control Commission is vested  
4 with the exclusive right to **regulate the** purchase, *[sell, have in]* **sale, import, transport or** pos-  
5 session for sale<sup>],</sup> *import or transport]* **of** alcoholic beverages.

6 **SECTION 32.** ORS 471.754 is amended to read:

7 471.754. The Oregon Liquor Control Commission shall develop recycling education materials for  
8 distribution through *[stores established by the commission under ORS 471.750 that]* **liquor stores to**  
9 encourage the patrons of the *[store]* **stores** to recycle bottles sold through the stores.

10 **SECTION 33.** ORS 471.745, 471.750 and 471.752 are repealed.

11 **SECTION 34.** Sections 35 and 36 of this 2016 Act are added to and made a part of ORS  
12 chapter 473.

13 **SECTION 35.** (1) A tax is imposed upon the privilege of engaging in business as a distilled  
14 liquor wholesaler in this state at the rate of 71.7 percent of the price for which the whole-  
15 saler purchases the distilled liquor.

16 (2) The tax may not be levied, collected or imposed on a container of distilled liquor under  
17 this section more than once.

18 **SECTION 36.** (1) On or before the 20th day of each month, every liquor store licensee  
19 shall file with the Oregon Liquor Control Commission a statement of the amount paid for  
20 distilled liquor purchased by the liquor store during the preceding calendar month. The re-  
21 port must identify the distilled liquor wholesaler that sold the distilled liquor to the liquor  
22 store.

23 (2) Notwithstanding subsection (1) of this section, the commission may allow a nonex-  
24 clusive liquor store that purchases a low volume of distilled liquor, as determined by the  
25 commission, to file with the commission on or before January 20 of each year an annual  
26 statement of the quantity of distilled liquor purchased by the liquor store during the pre-  
27 ceding calendar year.

28 **SECTION 36a.** Sections 35 and 36 of this 2016 Act apply to sales of liquor occurring after  
29 the operative date specified in section 46 of this 2016 Act.

30 **SECTION 37.** ORS 473.060 is amended to read:

31 473.060. (1) The privilege taxes imposed by ORS 473.030 and 473.035 **and section 35 of this 2016**  
32 **Act** shall be paid to the Oregon Liquor Control Commission. The taxes covering the periods for  
33 which statements are required to be rendered by ORS 473.070 shall be paid before the time for filing  
34 such statements expires or, as concerns wines, on or before the 20th day of the month after such  
35 wines have been withdrawn from federal bond. If not so paid, a penalty of 10 percent and interest  
36 at the rate of one percent a month or fraction of a month shall be added and collected. The com-  
37 mission may refund any tax payment imposed upon or paid in error by any licensee, and may waive  
38 the collection or refund the payment of any tax imposed and collected on **distilled liquor**, wine,  
39 cider or malt beverages subsequently exported from this state, sold to a federal instrumentality or  
40 to the commission, or determined by the commission to be unfit for human consumption or unsalable.

41 (2) The commission may waive any interest or penalty assessed to a manufacturer subject to the  
42 tax imposed under ORS 473.030 or 473.035 **or to a distilled liquor wholesaler subject to the tax**  
43 **imposed under section 35 of this 2016 Act**, if the commission, in its discretion, determines that  
44 the manufacturer **or wholesaler** has made a good faith attempt to comply with the requirements of  
45 this chapter.

1 (3) Except in the case of fraud, the commission may not assess any interest or penalty on any  
 2 tax due under ORS 473.030 or 473.035 **or section 35 of this 2016 Act** following the expiration of  
 3 36 months from the date on which was filed the statement required under ORS 473.070 reporting the  
 4 quantity of **distilled liquor**, wine, cider or malt beverages upon which the tax is due.

5 (4) A manufacturer may appeal a tax imposed under ORS 473.030 or 473.035, **and a distilled li-**  
 6 **quor wholesaler may appeal a tax imposed under section 35 of this 2016 Act**, in the manner  
 7 of a contested case under ORS chapter 183.

8 **SECTION 38.** ORS 473.090 is amended to read:

9 473.090. (1) The privilege tax required to be paid by ORS 473.030 and 473.035 constitutes a lien  
 10 upon, and has the effect of an execution duly levied against, any and all property of the manufac-  
 11 turer, attaching at the time the beverages subject to the tax were produced, purchased or received,  
 12 as the case may be, and remaining until the tax is paid or the property sold in payment [*thereof*]  
 13 **of the lien.**

14 (2) **The privilege tax required to be paid under section 35 of this 2016 Act constitutes a**  
 15 **lien upon, and has the effect of an execution duly levied against, any and all property of the**  
 16 **distilled liquor wholesaler attaching at the time the wholesaler purchases the distilled liquor**  
 17 **and remaining until the tax is paid or the property sold in payment of the lien.**

18 (3) [*The*] A lien created by this section is paramount to all private liens or encumbrances.

19 **SECTION 39.** ORS 473.100 is amended to read:

20 473.100. (1) Whenever any manufacturer is delinquent in the payment of the privilege tax [*pro-*  
 21 *vided for in*] **imposed under ORS 473.030 and 473.035 or any distilled liquor wholesaler is delin-**  
 22 **quent in the payment of the privilege tax imposed under section 35 of this 2016 Act**, the  
 23 Oregon Liquor Control Commission or its duly authorized representative shall seize any property  
 24 subject to the tax and sell, at public auction, property so seized, or a sufficient portion thereof to  
 25 pay the privilege tax due, together with any penalties imposed under ORS 473.060 for such delin-  
 26 quency and all costs incurred on account of the seizure and sale.

27 (2) Written notice of the intended sale and the time and place thereof, shall be given to such  
 28 delinquent manufacturer **or wholesaler** and to all persons appearing of record to have an interest  
 29 in the property, at least 10 days before the date set for the sale. The notice shall be enclosed in an  
 30 envelope addressed to the manufacturer **or wholesaler** at the last-known residence or place of  
 31 business of the manufacturer **or wholesaler** in this state, if any. [*; and in the case of*] **Written no-**  
 32 **tice shall also be given to** any person appearing of record to have an interest in such property,  
 33 addressed to such person at the last-known place of residence of the person, if any. The envelope  
 34 shall be deposited in the United States mail, postage prepaid. In addition, notice shall be published  
 35 for at least 10 days before the date set for such sale, in a newspaper of general circulation published  
 36 in the county in which the property seized is to be sold. If there is no newspaper of general circu-  
 37 lation in such county, the notice shall be posted in three public places in such county for the 10-day  
 38 period. The notice shall contain a description of the property to be sold, a statement of the amount  
 39 of the privilege taxes, penalties and costs, the name of the manufacturer **or wholesaler** and the  
 40 further statement that, unless the privilege taxes, penalties and costs are paid on or before the time  
 41 fixed in the notice for the sale, the property, or so much [*thereof*] **of the property** as may be nec-  
 42 essary, will be sold in accordance with law and the notice.

43 **SECTION 40.** ORS 473.110 is amended to read:

44 473.110. [*At the sale, the*] Property shall be sold **under ORS 473.100** by the Oregon Liquor  
 45 Control Commission or by its duly authorized agent in accordance with law and the notice. The

1 commission shall deliver to the purchaser a bill of sale for the personal property, and a deed for any  
 2 real property so sold. The bill of sale or deed vests title in the purchaser. The unsold portion of any  
 3 property seized under ORS 473.100 may be left at the place of sale at the risk of the manufacturer  
 4 **or distilled liquor wholesaler**. If upon any such sale, the money received exceeds the amount of  
 5 all privilege taxes, penalties and costs due the state from the manufacturer **or wholesaler**, the ex-  
 6 cess shall be returned to the manufacturer **or wholesaler**, and a receipt [*therefor*] **for the returned**  
 7 **amount** obtained. However, if any person having an interest in or lien upon the property has filed  
 8 with the commission, prior to the sale, notice of interest or lien, the commission shall withhold any  
 9 such excess pending a determination of the rights of the respective parties [*thereto*] by a court of  
 10 competent jurisdiction. If the receipt of the manufacturer **or wholesaler** is not available, the com-  
 11 mission shall deposit such excess money with the State Treasurer, as trustee for the owner, subject  
 12 to the order of the manufacturer[,], **or wholesaler or of the heirs, successors or assigns of the**  
 13 **manufacturer or wholesaler**.

14 **SECTION 41.** ORS 473.120 is amended to read:

15 473.120. (1) The Oregon Liquor Control Commission shall immediately transmit notice [*of the*  
 16 *delinquency mentioned in ORS 473.100*] to the Attorney General **of any delinquency under ORS**  
 17 **473.100 by a manufacturer**. The Attorney General shall at once proceed to collect all sums due to  
 18 the state from the manufacturer under this chapter by bringing suit against the necessary parties  
 19 to effect forfeiture of the bonds of the manufacturer, reducing any deficiency to judgment against  
 20 the manufacturer.

21 (2) The remedies of the state provided in ORS 473.090 to 473.120 are cumulative and no action  
 22 taken by the commission or Attorney General constitutes an election on the part of the state or any  
 23 of its officers to pursue one remedy to the exclusion of any other remedy provided in this chapter.

24 **SECTION 42.** ORS 473.150 is amended to read:

25 473.150. (1) The Oregon Liquor Control Commission may, at any time, examine the books and  
 26 records of a holder of a **wholesale distilled liquor license or a wine self-distribution permit** or of  
 27 any manufacturer of wine, cider or malt beverages, and may appoint auditors, investigators and  
 28 other employees that the commission considers necessary to enforce its powers and perform its du-  
 29 ties under this section.

30 (2) Every holder of a **wholesale distilled liquor license or a wine self-distribution permit** and  
 31 every manufacturer shall maintain and keep for two years all records, books and accounts required  
 32 by this chapter and shall provide copies of those records, books and accounts to the commission  
 33 when requested by the commission.

34 **SECTION 43.** (1) **Notwithstanding sections 3 and 4 of this 2016 Act, the amendments to**  
 35 **ORS 471.725 and 471.740 by sections 30 and 31 of this 2016 Act and the repeal of ORS 471.745,**  
 36 **471.750 and 471.752 by section 33 of this 2016 Act, a retail sales agent appointment made un-**  
 37 **der ORS 471.750, as that statute was in effect before the operative date specified in section**  
 38 **46 of this 2016 Act, shall terminate on the earlier of the scheduled expiration date or at 12**  
 39 **midnight on the night of June 30, 2017. However, if a retail sales agent files an application**  
 40 **to become a liquor store licensee no later than 120 days prior to the date the appointment**  
 41 **is to expire or terminate, the Oregon Liquor Control Commission may grant the license ap-**  
 42 **plication and terminate the appointment.**

43 (2) **Notwithstanding section 3 of this 2016 Act, the commission is not required to request**  
 44 **or accept proposals prior to granting a liquor store license under subsection (1) of this sec-**  
 45 **tion. The commission may negotiate with the applicant regarding the license fee amount, the**

1 sale of liquor store inventory to the applicant and the rental of an existing liquor store lo-  
2 cation to the applicant. Unless the commission terminates an appointment for cause, a retail  
3 sales agent that does not become a liquor store licensee is entitled to the same payments  
4 or other compensation, if any, as provided in commission rule for outgoing retail sales  
5 agents.

6 (3) Subsection (1) of this section does not prohibit a retail sales agent from submitting  
7 a liquor store license proposal in response to a commission request for proposals.

8 (4) Upon the expiration or termination of an appointment as a retail sales agent, the  
9 former agent shall cease to qualify for continuing participation in the health benefit plan or  
10 the state deferred compensation plan.

11 (5) Any moneys from the sale of distilled liquor at liquor stores operated by retail sales  
12 agents of the commission as provided under this section shall be deposited as provided in  
13 ORS 471.805.

14 **SECTION 44.** (1) The Oregon Liquor Control Commission shall establish sufficient dis-  
15 tilled liquor wholesaler service areas on or before July 1, 2017, to ensure that each liquor  
16 store operating in this state is within one or more distilled liquor wholesaler service areas.  
17 This subsection does not prohibit the commission from establishing additional distilled liquor  
18 wholesaler service areas after July 1, 2017.

19 (2) Notwithstanding sections 2 to 4 of this 2016 Act, the amendments to ORS 471.230,  
20 471.725 and 471.740 by sections 15, 30 and 31 of this 2016 Act and the repeal of ORS 471.745,  
21 471.750 and 471.752 by section 33 of this 2016 Act, the commission may, prior to July 1, 2017:

22 (a) Supply distilled liquor to liquor stores operated by retail sales agents appointed by the  
23 commission under ORS 471.750, as that statute was in effect before the operative date spec-  
24 ified in section 46 of this 2016 Act; and

25 (b) Sell distilled liquor to liquor stores licensed by the commission if the liquor stores do  
26 not have access to service by distilled liquor wholesalers sufficient to satisfy the purchasing  
27 needs of the stores.

28 (3) Distilled liquor that the commission supplies to a liquor store under subsection (2)(a)  
29 of this section shall be sold by the liquor store at the price per container paid by the com-  
30 mission plus the markup imposed under the law in effect on the day prior to the operative  
31 date specified in section 46 of this 2016 Act. Distilled liquor that the commission sells to a  
32 licensed liquor store under subsection (2)(b) of this section shall be sold by the commission  
33 for a price equal to the total of the price per container paid by the commission, plus an  
34 amount equal to the result of multiplying the percentage described in section 35 of this 2016  
35 Act by the purchase price paid by the commission. Moneys received by the commission from  
36 sales under subsection (2)(b) of this section shall be deposited as provided in ORS 471.805.

37 (4) The commission may not purchase distilled liquor after the earlier of:

38 (a) July 1, 2017; or

39 (b) The date that the commission establishes sufficient distilled liquor wholesaler service  
40 areas to ensure that each liquor store licensed in this state is within one or more distilled  
41 liquor wholesaler service areas.

42 (5) The commission may sell to distilled liquor wholesalers any liquor purchased by the  
43 commission prior to the date described in subsection (4) of this section and not supplied or  
44 sold to liquor stores under subsection (2) of this section. The commission shall establish a  
45 price for distilled liquor sold under this subsection that is sufficient to recover the price per

1 container paid by the commission for the distilled liquor. Purchases of liquor by a distilled  
 2 liquor wholesaler under this subsection are subject to the tax imposed under section 35 of  
 3 this 2016 Act.

4 **SECTION 45.** Sections 43 and 44 of this 2016 Act are repealed January 2, 2019.

5 **SECTION 46.** (1) Sections 2 to 4, 35 and 36 of this 2016 Act, the amendments to ORS  
 6 279A.025, 471.001, 471.038, 471.105, 471.155, 471.175, 471.184, 471.190, 471.200, 471.223, 471.227,  
 7 471.230, 471.235, 471.251, 471.292, 471.294, 471.311, 471.327, 471.341, 471.346, 471.392, 471.396,  
 8 471.404, 471.405, 471.410, 471.446, 471.473, 471.710, 471.725, 471.740, 471.754, 473.060, 473.090,  
 9 473.100, 473.110, 473.120 and 473.150 by sections 5 to 32 and 37 to 42 of this 2016 Act and the  
 10 repeal of ORS 471.745, 471.750 and 471.752 by section 33 of this 2016 Act do not become oper-  
 11 ative unless, before July 1, 2017, the voters approve a ballot measure that will terminate the  
 12 authority of the Oregon Liquor Control Commission or any successor state agency to sell  
 13 distilled liquor at retail and set retail prices for distilled liquor in this state.

14 (2) Sections 2 to 4, 35 and 36 of this 2016 Act, the amendments to ORS 279A.025, 471.001,  
 15 471.038, 471.105, 471.155, 471.175, 471.184, 471.190, 471.200, 471.223, 471.227, 471.230, 471.235,  
 16 471.251, 471.292, 471.294, 471.311, 471.327, 471.341, 471.346, 471.392, 471.396, 471.404, 471.405,  
 17 471.410, 471.446, 471.473, 471.710, 471.725, 471.740, 471.754, 473.060, 473.090, 473.100, 473.110,  
 18 473.120 and 473.150 by sections 5 to 32 and 37 to 42 of this 2016 Act and the repeal of ORS  
 19 471.745, 471.750 and 471.752 by section 33 of this 2016 Act become operative on the effective  
 20 date of a ballot measure that terminates the authority of the Oregon Liquor Control Com-  
 21 mission or any successor state agency to sell distilled liquor at retail and set retail prices  
 22 for distilled liquor in this state.

23 **SECTION 47.** This 2016 Act takes effect on the 91st day after the date on which the 2016  
 24 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.